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CANADA COUNCIL FOR THE ARTS

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Annual Report 2009-10

- PORT MAITLAND
- GORE
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- BARRIE
- CABRI
- CHATEAUGUAY
- TERRACE
- KINGSVILLE
- GRAND-MÉTIS
- WIARTON
- RIVIERE-DU-LOUP
- ASHCROFT
- SHIPPAGAN
- HUDSON
- ORLEANS
- LAVALTIE
- BROMONT
- CANNING
- PIERREFONDS
- NEPEAN
- FORT MACLEOD
- ERIN
- SACRÉ-COEUR
- SAGUENAY
- ARMSTRONG
- WINNIPEG
- ABBOTSFORD
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- MELBOURNE
- VICTORIAVILLE
- WELLINGTON STATION
- NORTH VANCOUVER
- BLYTH
- STEPHENVILLE CROSSING
- SAINT-FORTUNAT
- ROSEMÈRE
- DIEPPE
- GIBSONS
- VICTORIA
- EMERYVILLE
- SENNETERRE
- QUALICUM BEACH
- CANMORE
- SAINT-CUTHBERT
- FONTHILL
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- BURLINGTON
- SAINT-ANNE-DES-LACS
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- NEW DENVER
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- SAINT-HILAIRE
- HEARST
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- HORNBY ISLAND
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- SHERBROOKE
- PRINCE RUPERT
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- CHARLESBOURG
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- SAINT-CATHERINE
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- PANGNIRTUNG
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- MULGRAVE
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- WATERLOO
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- THUNDER BAY
- NORTH YORK
- PORT DOVER
- RAMA
- STEPHENVILLE
- HAINES JUNCTION
- NELSON
- CALLANDER
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- BLOOMFIELD
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- MILLGROVE
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- KUJUAQ
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- CUMBERLAND
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- THETFORD MINES
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- KITCHENER
- LETHBRIDGE
- SAINT-GABRIEL-DE-
- BRANDON
- GRANDES-BERGERONNES
- MISSION
- SUTTON
- OAKVILLE
- PARRY SOUND
- HAMPSTEAD
- JOLIETTE
- BEACONSFIELD
- SYDENHAM
- QUINCY
- HEAD OF ST. MARGA
- RET'S BAY
- RICHMOND
- SWIFT CURRENT
- COALDALE
- SAINT-JACQUES
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- VAL-D'OR
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- HATLEY
- BRIDGEWATER
- KLEINBURG
- LONGFORD MILLS
- MORLEY
- ANTIGONISH
- SUMMER BEAVER
- SAINT-PAULIN
- VERNON
- VANIER
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- SAINT-ANTOINE-SUR-
- RICHÉLIEU
- GRANDE PRAIRIE
- UPPER TANTALLON
- WEST VANCOUVER
- TITIRO
- WOODMORE
- PARADISE
- GRAND RAPIDS
- SAINT-DENIS-SUR-
- RICHÉLIEU
- NORLAND
- EASTMAN
- ENTRELACS
- PRINCE GEORGE
- RIVERVIEW
- KINGSTON
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- MASHTEUATSH
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- GARDEN RIVER
- QUINCY

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The Canada Council for the Arts has printed separate English- and French-language versions of its 2009-10 Annual Report in order to save paper and reduce our impact on the environment. Both language versions are available either at canadacouncil.ca or by contacting us (see addresses opposite).



CANADA COUNCIL FOR THE ARTS

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 TEMAGAMI
 HUBLEY



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The 53rd Annual Report of the Canada Council for the Arts
 and supplementary information on grants, services and
 awards are available on the Council's website.

Mandate

The Canada Council for the Arts is a federal Crown corporation created by an Act of Parliament in 1957 "to foster and promote the study and enjoyment of, and the production of works in, the arts."

The Council offers a broad range of grants (6,200 in 2009-10) and services to professional Canadian artists and arts organizations in music, theatre, writing and publishing, visual arts, dance, media arts and integrated arts. It further seeks to raise public awareness of the arts through its communications, research and arts promotion activities.

The Council also awards prizes and fellowships every year to approximately 200 artists and scholars. The Canadian Commission for UNESCO and the Public Lending Right Commission operate within the Council. The Canada Council Art Bank, which has some 17,500 works of contemporary Canadian art in its collection, rents to the public and private sectors.

The Canada Council is governed by an 11-member Board. The Chair, the members of the Board and the Director of the Council are appointed by the Governor in Council for fixed terms. The Council relies heavily on the advice of artists and arts professionals from all parts of Canada (some 750 serve annually as jurors, or peer assessors) and works in close co-operation with federal, provincial, territorial and municipal arts and cultural agencies and departments. The Council reports to Parliament through the Minister of Canadian Heritage; its accounts are audited by the Auditor General of Canada. The annual budget allocation from Parliament is supplemented by endowment income, donations and bequests.

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JOSEPH L. ROTMAN

The creative energy of the arts professionals of Canada makes an important contribution to the quality of life of all Canadians.



Message from the Chair

In this period of tumultuous change, it is doubly gratifying to Canada's artists and arts organizations that the Council has the ability to address the challenges and opportunities facing the arts and culture sector. Canada's cultural life has been recognized over the past year. The many achievements of individual artists and arts organizations have brought their work to the world stage.

Throughout the year the Canada Council for the Arts continued to play a leadership role in establishing a nationwide network of support for the creation and development of work of high merit and for the encouragement of professional artists in the pursuit of their career.

The Council's ability to undertake its present mandate is dependent on a number of factors. Above all, it is the Government's decision to maintain the present level of the Council's parliamentary appropriation. The past two years of economic crisis have challenged the stability of arts organizations in a number of ways, from declining tourism markets to declining endowment funds. Although Council grants do not make up a large part of any arts organization's budget, they ensure a degree of financial stability that has been particularly crucial in the present circumstance.

New strength was brought to the Council's Board of Directors in 2009-2010. We were particularly pleased with the reappointment of Vice-Chair Simon Brault for an additional two years. We take a moment to congratulate him on the publication of his thought-provoking book, *No Culture, No Future* (in the original French, *Le Facteur C*), which underlines the importance of the arts and culture as an essential dimension of the lives of individuals and the dynamism of our communities. Board expertise was also reinforced with the reappointment of Susan Mary (Dyer) Knight of Newfoundland, a respected choral conductor, and the appointment of Rosemary Doolittle of Manitoba, a former Minister of Culture, Heritage and Citizenship. The reappointment of Robert Sirman as President and CEO for an additional four years provides an important guarantee of stability and a confirmation of the effectiveness of the Council's administration.

The Council, however, would have no purpose were it not for the creative energy of the arts professionals of Canada, who make such an important contribution to the quality of life of all Canadians. To them I extend all my thanks.

I hope that this annual report on the Council's activities will raise awareness of the extent of the vitality, inventiveness and variety of Canada's artistic life.

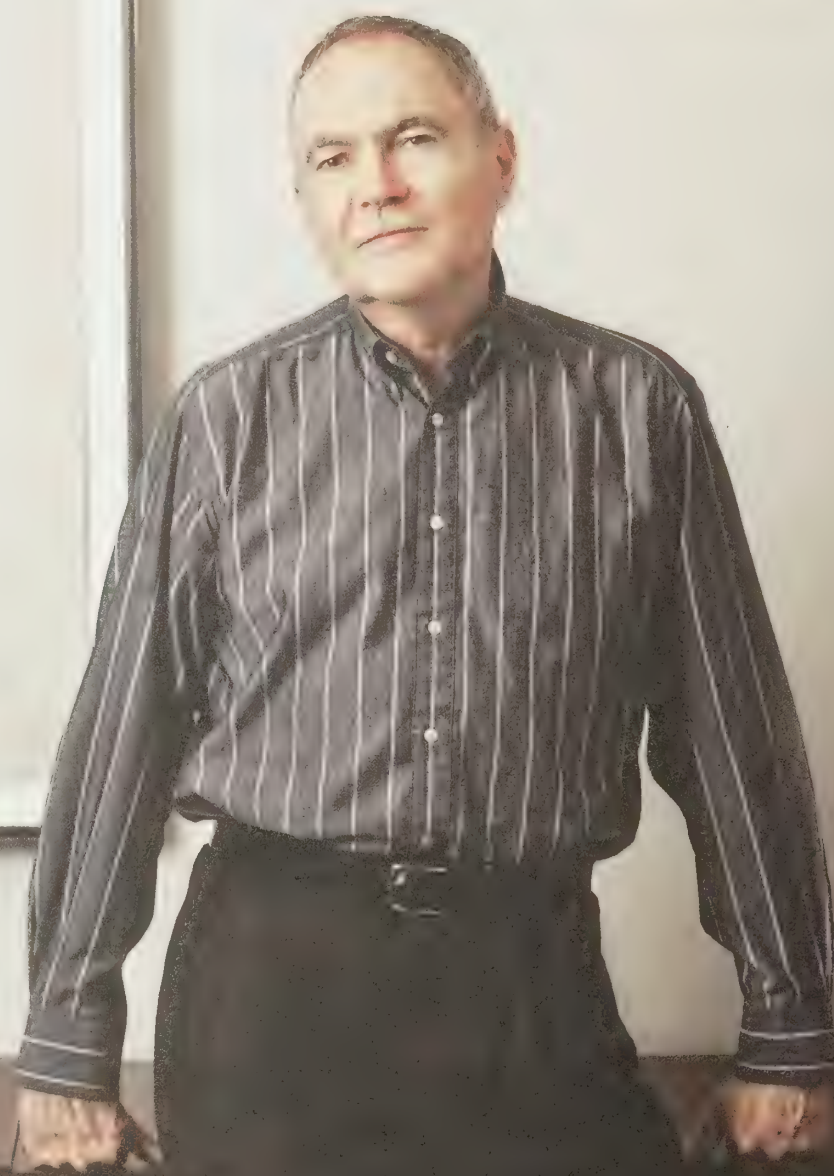
B.C. L.O. S.A. F.R. A.L. M.T. S.T. C.A. Y.A. T.R. O.K. C.O. P.I. C.A. C.H. P.I. S.A. W.L. S.A. B.R. L.O. B.R. H.A. P.O. S.A. DAWSON

SAINT-JACQUES
CROSS ROADS COUNTRY HARBOUR

TEMAGAMI

ROBERT SIRMAN

Through its work the
Council provides access to all
Canadians to participate in the
cultural life of the nation.



Message from the Director

Some indicators are distinctly positive. The government March 2010 Budget speech underlined that a Council-wide strategic review had demonstrated that the government was "aligned with the priorities of the Council – to improve the lives of residents, to protect the environment, to support the economy and to ensure the best use of public funds."

But that gathering is also still lacking many of the aspects we seek. The challenge of meaningful participation is, therefore, to find ways to confront the problem everywhere, not just in a particular area or the past.

In recent years the Commission has been preoccupied with the broader context of the art market, particularly in *Forward* we refer to the "broader context of the art system," and talk about the "context of the art system" in the bigger universe. We are not talking about the "context" of professional practice to raise standards, but the art enrich everyone's life, not just that of the collector or art gallery.

One of the reasons we are doing this is because of the experience of other sectors with longer stories – typically investment in the arts is less than the arts. Health care, for example, has seen a significant breakthrough in the last 10 years, moving beyond the focus beyond specific diseases to a more holistic approach to the determinants of health – good nutrition, regular exercise, poverty reduction, risk avoidance, adequate housing, etc. The arts continue to play a key role in the health sector, but it is expensive – part of the health care budget, so there is a heavy burden of responsibility for getting the arts to do their part, away from the specialist, they just do it.

That's why the Council is developing the new initiative with its partners of Culture Days, a free interactive celebration of art and culture scheduled to unfold across southern Ontario in real time in the fall of 2010. Culture Days is designed to broaden public awareness and engagement in the arts much like the ParticipACTION program does for physical fitness. It is only a beginning, but its potential to change the public perception and the context in which the Council functions is huge.

We live in an age of constant change. As a result, artists and creatives turn artists are on the front lines of innovation and invention. Through its work the Council strives to strengthen the infrastructure that supports the highest standards of public arts and arts practice in the country, and provides access to the arts for all Canadians to participate in the cultural life of the nation.

It is not surprising that the authors of the book have not been able to find any studies that have examined the effects of the combination of physical activity and proper nutrition – and not for one of the reasons they give, but for good.

The Strategic Plan's vision and stable funding have allowed artists and arts organizations to focus on creating excellent work and presenting it to Canadians.

Management's Discussion and Analysis

Moving Forward 2008-11

In 2007, the Canada Council prepared its current strategic plan, *Moving Forward 2008-11*, following the largest stakeholder consultation in its history. *Moving Forward* outlined the values that lie at the heart of the Canada Council's work and articulated five directions to guide it over the following three years.

In February 2008, the Council released an Action Plan that specifically addressed how the five directions would be implemented, including the allocation of \$30 million in new funding in the Council's Parliamentary appropriation.¹

In 2009-10, the Council completed the second full year of the Strategic and Action Plans. The Strategic Plan has focused the energies and resources of the organization on a clearly articulated set of priorities in synch with the needs of the arts sector. There has been significant progress on a number of initiatives, while others are in development. This reflects the complex and far-reaching nature of many of the initiatives.

A large part of the investment in the Action Plan has gone into strengthening existing granting programs to artists and arts organizations for the creation and dissemination of art – to respond to the increasing desire of Canadians to benefit from artistic activity in their communities.

There have also been increases in multi-year operating and project grants for both individuals and organizations, representing a critical shift in supporting complex creative processes. Long-term funding allows organizations to plan and execute innovative artistic programs with confidence and security, a crucial factor in the current economic climate, when some funders, including foundations and private sponsors, have been decreasing support.

The Council has also devoted resources internally to strengthening its processes and policies to allow it to better assess its own performance and impact and to ensure that it is delivering on its mandate. Two recent reviews of the Council's performance – the 2008 Special Examination by the Office of the Auditor General² and the 2009 Strategic Review – both provided positive feedback on the Council's expertise in program management. The latter review noted that the Council's work is "aligned with the priorities of Canadians" (Budget 2010).

Operating Environment

In 2008, the first year of the Council's current three-year operating cycle, the world experienced a severe economic downturn. No sector was spared. Employment, consumer spending, charitable giving, government revenues, tourism revenues and endowment income all declined, with serious consequences to those working in the arts. Recent research suggests that revenues for Canada's culture sector declined by 4.3% in 2009, or about \$3.1 billion.³ Today there are indications that a turnaround is underway, but the economy has not yet returned to pre-2008 conditions.

Moving Forward was implemented in 2008 with an additional \$30 million (a 20% increase) in the Council's Parliamentary appropriation, bringing its annual budget to approximately \$190 million (appropriation of \$180 million plus endowment and other income of approximately \$10 million).

In 2009 the Government confirmed that \$25 million of the Council's appropriation scheduled to lapse at the end of March 2010 would be extended for an additional five years, and in March 2010 it announced that its appropriation would not be affected following the Strategic Review of its programs in 2009. In addition, declines in endowment income have had minimal immediate budgetary impact thanks to internal policies that smooth the impact of market volatility.

Despite the changing financial context, the Council's stable budget for 2009-10 allowed it to continue to implement its current Plan with confidence, and provide much-needed financial stability to many Canadian artists and arts organizations.

The economic downturn is by no means the only change that has occurred in the past three years. The social and cultural trends discussed in *Moving Forward*, such as demographic changes, an increasingly complex funding landscape and new approaches to arts practices, remain important factors that influence the environment in which the Council operates.

Other evolving trends include an increased focus on public engagement in the arts, the impact of new technologies and social media on artistic creation, consumption and dissemination, changing organizational models and practices, and environmental and social responsibility. The Council actively monitors these trends and is well placed to support artists and arts organizations in meeting new challenges and opportunities.

1. The Council's Parliamentary appropriation is the base amount of funds that the Council receives from the Government each year to deliver on its mandate. In 2006-07 and 2007-08, the Council received one-time funding of \$20 million and \$30 million respectively. In July 2007, the Government announced that the \$30 million would become recurrent, bringing its appropriation to approximately \$180 million.

2. The 2008 Special Examination by the Office of the Auditor General of Canada (OAG) concluded that the Council's systems and practices "had no significant deficiencies. In fact, the Council's systems and practices have contributed to its success in several areas." The OAG provided the Council with seven recommendations to strengthen its operations and policies. Among these were recommendations that the Council "better evaluate results of its grants programs" and "examine the range of its 140 financial assistance programs, to facilitate their administration and evaluation." The Council accepted all recommendations: five of seven are done, with two well under way.

3. Conference Board of Canada. *The Impact of the Global Economic Recession on Canada's Creative Economy*, October 2009.

The Directions



Performance Highlights

The Canada Council achieved its performance against the five directions outlined in its strategic plan, *Moving Forward 2008-11*.

The 2009-10 performance of the Council is 2009-10 achievements to those of 2005-06 – considered a baseline year (in 2006-07 and 2007-08, the Council received one-time funding allocated for special purposes).

The Corporate Scorecard (pages 12-15) provides more detail on the Council's performance in each 2009-10 and 2008-09.

Direction 1 Individual Artists

Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.

The Strategic and Action Plans reaffirmed the Canada Council's belief in the centrality of individual practitioners in the arts ecosystem. The *Action Plan* allocated funds towards the careers and creative potential of artists and defined key objectives to improve access to professional development and to increase flexibility.

The Council demonstrated progress in reinforcing its commitment to individual artists by increasing the number of artists receiving grants and the typical¹ amount of funding they received. As well, more artists received their first grant from the Council. This has allowed a greater number of artists to create, travel and develop professionally. Additionally, established and mid-career artists benefited from growth in multi-year project grants, enabling them to undertake projects of larger scale.

Individual artists are at the heart of the Canadian arts sector, but too many are little known. Special initiatives such as web presentations of Canadian visual artists and authors at the 2010 Cultural Olympiad and an increased focus on prizes have helped to raise the profile of innovative and inspiring artists and reach new publics.

1. Typical is used here to mean "median," not "arithmetic average" in statistical terms, although both increased

Direction 2 Arts Organizations

Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country.

The Canada Council's Action Plan directed the largest portion of new funds to sustaining the work of arts organizations, seeing them as critical to creating excellent art, providing jobs, and engaging audiences and communities.

The most significant development has been a strong move from annual to multi-year operating support, providing greater stability and certainty to arts organizations. This includes a significant increase in access to annual and multi-year operating funding by Aboriginal and culturally diverse organizations, evidence of the vibrancy of art in those communities and the increasing public appetite for this work.

This growth in support was complemented by the ongoing implementation of the Canadian Arts Data / Données sur les arts au Canada (CADAC)² system, which simplifies the financial reporting process for organizations receiving operating funding from different levels of government. Organizations are better placed to reach audiences and create nationally and internationally acclaimed work when the administrative burden of funding is lightened.

The Canada Council has also increased its international program support for organizations.³ This funding helps to develop new markets for their works and to showcase Canadian talent to the world.

Despite progress on stabilizing organizations and assisting their capacity to reach Canadian and international audiences, the Canada Council recognizes that the arts infrastructure⁴ across the country remains uneven. It will therefore embark on a collaborative, multi-year, integrated approach to mapping the Canadian arts ecosystem to help it better target interventions and partnerships.

2. CADAC (Canadian Arts Data / Données sur les arts au Canada) is an integrated financial and statistical system for arts organizations applying for operating funding. Members: Alberta Foundation for the Arts, British Columbia Arts Council, Canada Council, City of Vancouver, New Brunswick Department of Wellness, Culture and Sport, Manitoba Arts Council, Ontario Arts Council, Saskatchewan Arts Board, Toronto Arts Council.

3. These dedicated programs have one specific objective or target clientele (such as international touring or Aboriginal arts programs), while non-dedicated or regular programs address broader objectives and may have multiple eligible activities.

Direction 3 Equity

Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations

In *Moving Forward*, the Canada Council stated that equity is one of its fundamental values. It has long worked towards reducing inequities, recognizing the critical role the arts play in an increasingly diverse society. The Council has extended its equity work to include regional, linguistic, cultural, racial, generational and gender-based equity, with a new emphasis on other areas such as disability. New policies and tools to support the new approach include a revised definition of equity, a broadened mandate for the Council's Equity Office and a new voluntary personal identification form that will enable the Council to improve its understanding of the artistic milieu.

The Council has expanded and improved programs for culturally diverse artists and arts organizations and increased the number of capacity-building grants for Aboriginal organizations. Targeted funding for official-language minority communities has continued while the amount these communities receive from the base budget is increasing. Other initiatives have included: research in the area of disability arts and Aboriginal languages; the development of a Northern Strategy; and involvement in the Canadian Coalition Against Racism and Discrimination (co-ordinated by the Canadian Commission for UNESCO)

4. The Council's Strategic Plan argued that the quality of the arts infrastructure determines the strength of the arts in any given place or discipline and noted that a successful arts infrastructure includes "excellent individual artists, excellent arts organizations that support, employ, present, exhibit, publish or provide other resources for artists, engaged audiences, a supportive public, an enlightened funding and public policy environment, and facilities for the practice of art"

Direction 4 Partnership

Make partnerships with other organizations a key element in the Council's approach to advancing its mandate

The Canada Council recognizes the increasing complexity of the arts funding and policy landscape and the value of greater collaboration with other organizations with mandates to support the arts. It continues to develop its relationships with other arts funders and with key stakeholders outside the arts. The Council uses partnerships as a mechanism to advance the four other strategic directions

The Council has renewed its support for three successful partnerships – Alberta Creative Development Initiative, ArtReach Toronto and Vivacité Montréal – that target populations with low rates of engagement with the Council and that leverage funds from other levels of government.

Partnerships are used to do research, increase public awareness of the arts and bolster the arts funding system. Recent achievements include strengthening the Canadian Public Arts Funders (CPAF)⁵ network, acting as secretariat for CADAC, and several partnerships that profiled Canadian artists at the 2010 Cultural Olympiad in Vancouver

5. CPAF is a network that fosters and supports the arts in Canada through cooperation and collaboration of national, provincial and territorial arts councils and equivalent public arts funders. The national member of the network is the Canada Council, which also acts as the secretariat

Direction 5 The Canada Council's Organizational Development

Enhance the Council's capacity to support the arts and implement change, strengthening its structure, staffing and

In 2009-10, the Canada Council continued its work on furthering its own expertise and capacity to serve the arts community. It has focused on developing its human resources function and instituted an organization-wide, participatory budgeting process. Currently, the Council is renewing its entire web presence, including its suite of online tools and resources, to better serve artists and arts organizations. The Council has also approved and implemented a far-reaching risk management strategy

As part of the Council's ongoing work on sharing and increased capacity to demonstrate results and impact, it has enhanced its research, policy and program evaluation capacity. This complements work on a comprehensive examination of its program architecture, which will allow it to better align program design with desired results (an examination prompted by a recommendation in the Auditor General's Special Examination; five of the seven recommendations have been implemented, with the remaining two well under way)

Outlook

The current Strategic Plan has demonstrated the value for both the organization and stakeholders of clearly articulating the Canada Council's directions. The arts community has benefited from the vision and from the clarity of thinking that has ensued. This has allowed artists and arts organizations to focus on creating and presenting excellent work to Canadians, and the Council to benefit from a shared and coherent sense of purpose. The Council will build upon the stability and clarity of vision in the coming years.

Corporate Scorecard

Canada Council at a glance

	2009-2010	2008-2009
	('000s)	('000s)
Parliamentary appropriation	\$ 183,122	\$ 182,242
Grants		
Arts programs	\$ 145,104	\$ 144,687
Prizes and fellowships	\$ 3,323	\$ 3,545
Public Lending Right payments	\$ 9,963	\$ 9,954
Total	\$ 158,390	\$ 158,186
Grant applications		
Individual artists	9,634	8,751
Arts organizations	6,505	6,554
Total	16,139	15,305
Applications received via GO! Grants Online (included in total above)	2,922	2,349
Grants awarded		
Individual artists ¹	2,347	2,280
Arts organizations ²	3,853	3,888
Total	6,200	6,168
Communities in which the grants were awarded ³	652	689
First-time applicants (individual artists and arts organizations)		
First-time applicants	3,749	3,297
Communities where they live or are located	691	643
First-time recipients	1,130	1,195
Peer assessors		
Peer assessors	757	805
Communities where they live	147	192
First-time peer assessors	347	342
Canada Council Art Bank		
Works in collection	17,503	17,317
Works loaned on rental contracts	5,980	6,382
Rental income	\$ 2,106	\$ 2,142
New purchases	210 \$ 596	13 \$ 55
Works divested	24 \$ 51	93 \$ 16
Insured value of works	\$ 68,197	\$ 55,608
Canadian Commission for UNESCO		
Participation in events related to UNESCO's mandate	36	34

For comparative purposes, all figures are based upon information as at June 1, or the next business day, of each fiscal year except in some cases where figures rely on data from final reports of the grants. These figures are updated on an annual basis to reflect the most recent information.

1. An individual artist may receive more than one grant in a given year. For example, an individual artist may receive a project grant and a travel grant.

2. An arts organization may receive more than one grant in a given year. For example, an arts organization may receive a project grant and an operating grant.

3. This figure includes 536 communities in Canada and 116 international communities (Canadian artists and authors residing outside Canada and international publishers and co-producers).

Direction 1 Individual Artists

Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.

	2009-2010		2008-2009	
		(000s)		(000s)
Support to individual artists (recipients/funding)	1,145	\$ 23,256	1,145	\$ 23,256
Strategies and program initiatives (recipients/funding)				
Support for residencies and commissioning	2	\$ 511	2	\$ 511
Support to artists and community collaborations	15	\$ 143	15	\$ 143
Multi-year project support to individual artists	15	\$ 1,745	15	\$ 1,745
Public Lending Right program				
Canadian authors receiving payments	17	\$ 3,363	17	\$ 3,363
Communities where they live (in Canada)	1,765		1,765	
Communities where they live (outside Canada)	358		358	
Celebrating exceptional achievement through prizes and fellowships				
Prize and fellowship recipients	116	\$ 1,586	116	\$ 1,586
Prize presentation ceremonies	13		13	
Communities where ceremonies were held	6		6	
Fine stringed instruments awarded on three-year term loans	14		14	
Insured value of instruments (\$US)		\$ 27,276		\$ 26,615
Honoraria and reading fees for members of peer assessment and advisory committees				
Peer assessment committees - honoraria		\$ 816		\$ 755
Peer assessment committees - file reading fees		\$ 506		\$ 506
Advisory committees		\$ 27		\$ 27
Total		\$ 1,449		\$ 1,321
Support for dissemination activities (recipients/funding)	223	\$ 1,802	217	\$ 1,547
Travel grants (grants/funding)				
Travel grants to professional artists	873	\$ 1,189	873	\$ 1,189
Other travel grants ¹	542	\$ 2,173	29	\$ 1,273
Total	1,415	\$ 3,262	1,311	\$ 3,071
Number of countries visited (approximate)	100		74	
Touring grants (grants/funding)				
Touring grants (music, dance, theatre only)	30	\$ 220	30	\$ 220
Grants for work in an international context (grants/funding)	720	\$ 3,400	734	\$ 3,605

¹ Includes grants through the Audience and Market Development program and Aboriginal Peoples Collaborative Exchange

Direction 2 Arts Organizations

Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country.

	2009-2010		2008-2009	
	('000s)		('000s)	
	2,256	\$ 122,880	2,305	\$ 122,339
Annual operating support	380	\$ 16,422	357	\$ 15,538
Multi-year operating support	636	\$ 75,119	618	\$ 74,002
Total		\$ 91,541		\$ 89,540
Annual project support	1,744	\$ 28,203	1,829	\$ 29,382
Multi-year project support	71	\$ 3,010	70	\$ 3,417
Total		\$ 31,213		\$ 32,799
Support for residencies and commissioning	99	\$ 1,399	100	\$ 1,441
Support to artists and community collaborations	74	\$ 1,126	78	\$ 1,351
Flying Squad and Flying Eagle support	223	\$ 1,460	195	\$ 1,344
Dissemination activities (recipients/funding)	1,418	\$ 26,955	1,426	\$ 25,844
(amounts included in total support for dissemination activities above)	55	\$ 129	48	\$ 139
Number of countries represented	28		21	
Touring grants (music, dance, theatre only)	173	\$ 3,783	157	\$ 3,756
¹ Grants for literary readings (grants/funding)	184	\$ 697	228	\$ 1,237
Literary readings	1,093		1,055	
Host organizations	168		201	
Communities where they are located	108		117	
	731	\$ 8,286	719	\$ 8,238

Direction 3 Equity

Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations.

	2009-2010		2008-2009	
	('000s)		('000s)	
Capacity Building Program for Aboriginal arts organizations ²	29	\$ 960	8	\$ 154
Other support to Aboriginal arts organizations and artistic practices	409	\$ 6,908	396	\$ 6,415
Total		\$ 7,868		\$ 6,569
Capacity Building grants for culturally diverse arts organizations and artistic practices	44	\$ 1,344	49	\$ 1,530
Other support to culturally diverse arts organizations and artistic practices	597	\$ 9,103	612	\$ 9,777
Total		\$ 10,447		\$ 11,307
Indigenous Language Communities (ILOC)		\$ 800		\$ 800

1. As a result of changes to the Literary Readings program, figures for 2009-10 should not be compared with data reported in 2008-09 or earlier. Beginning in 2009-10, organizations hosting large reading series are funded under the new Grants for Literary Arts Promotion program.

2. In 2006, the Capacity Building Program for Aboriginal arts organizations was launched.

Direction 4 Partnership

Make partnerships with other organizations a key element in the Council's approach to advancing its mandate.

Draw on the benefits of networks and partnerships (recipients/funding)

	2009-2010	2008-2009
	(000s)	(000s)
Alberta Creative Development Initiative (ACDI) ¹	135 \$ 2,160	11 \$ 1,907
Arts Partners in Creative Development (APCD) ²	17 \$ 1,100	16 \$ 1,500

New activities related to research capacity³

Contribution towards a website to allow the Canada Council and other public funders to collect and share data on Canadian arts organizations in order to measure the performance of arts organizations across Canada.

\$ 134	\$ 235
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Direction 5 The Council's Organizational Development

Enhance the Council's capacity to support the arts and implement change by strengthening its structure, staffing and services.

Practice high standards of accountability

	2009-2010	2008-2009
Human Resources		
Employees	233	231
Professional development and training costs per employee	\$ 1,342	\$ 915
Number of employee-trips outside the National Capital Region	729	762
Communities visited by employees	96	89

Promote the arts

News releases/media advisories issued	48	47
Council messages and ads in arts event programmes	55	46
Media reports on the Governor General's Literary Awards (print & broadcast)	603	694
Media reports on the Governor General's Awards in Visual and Media Arts (print & broadcast)	150	137
Media reports on the Musical Instrument Bank (print & broadcast) ⁴	100	
Canada Council website traffic (in thousands)		
Page views per year	8,182	7,921
Visits per year	1,354	1,355
Unique visitors	760	792

1. The Alberta Creative Development Initiative (ACDI), begun in 2007-08, is a program designed to support the development of the arts in Alberta. It is a partnership between the Alberta Foundation for the Arts and the Canada Council for the Arts in collaboration with the Calgary Arts Development Authority and the Edmonton Arts Council. The Canada Council for the Arts and the Alberta Foundation for the Arts each contributed \$1,000,000 annually to ACDI in its first three years.

2. Started in 2007-08, Arts Partners in Creative Development (APCD) was a three-year investment program designed to support the creation and development of original work to represent the artistic excellence and diverse cultures of British Columbia. APCD is a strategic partnership of the Province of B.C., City of Vancouver, Canada Council for the Arts, Vancouver Foundation, Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games and 2010 Legacies Now. The figure above represents the total funding provided by all the partners. The Canada Council for the Arts is contributing \$500,000 per year to APCD.

3. The Council developed research capacities in the areas of survey methodologies, reporting on performance and outcomes, alternative research methodologies (e.g. Aboriginal arts community research consultations, "data mining," etc.), and developed expertise in the areas of reporting on issues related to equity, audience development and dissemination.

4. The Musical Instrument Bank competition occurs every three years.

Financial Overview

Highlights

The Council's parliamentary appropriation in 2009-10 was relatively unchanged from the previous year. It increased by \$880 thousand, primarily in retroactive recognition of contractual growth in salaries and benefits over a two-year period. Investment returns at 15% were significantly improved over the 23% decline experienced in the previous year as the Council benefitted from the general improvement in global equity markets and the appreciation of the Canadian dollar. Upon reassessment, Council revised its asset mix investment targets and the resulting rebalancing was still in progress at March 31, 2010. After realizing investment losses of \$4.9 million and impairment on available for sale financial instruments of \$6.5 million, the Council earned net investment income of \$7.8 million, and it will not be necessary to appropriate funds to or from its reserve from the capitalization of investment income. 2009-10 was the second year of implementation of the Council's *Strategic Plan 2008-11* and the Council was able to continue to deliver against the strategic directions identified in the plan, without significant resource reallocation. The net reported financial results for the Canada Council for the Arts for 2009-10 is a loss of \$19 thousand (loss of \$2,420 thousand in 2008-09).

Balance Sheet as at March 31

(in thousands of dollars)	2010	2009
Total assets	\$ 295,588	\$ 264,049
Total liabilities	34,117	38,669
Total equity	261,471	225,380

Statement of Operations for the years ending March 31

Parliamentary appropriation	\$ 183,122	\$ 182,242
Net investment income	7,825	5,398
Other revenue	3,259	2,852
Total revenue	194,206	190,492
Programs	176,628	176,042
Canadian Commission for UNESCO	2,005	2,521
General Administration	15,592	14,349
Total expenses	194,225	192,912
Net results for the year	\$ (19)	\$ (2,420)

Balance Sheet

Assets

As at March 31, 2010, total current assets were \$6.7 million, a decrease of \$5.0 million over the previous year. Current assets are those assets that in the normal course of operations are expected to be converted into cash or expensed within the next year. The major decrease occurred in cash equivalents which decreased from \$8.2 million at March 31, 2009 to \$4.5 million at March 31, 2010. Cash equivalents represent the temporary investment of the Council's excess daily cash requirements in a short-term pooled fund managed by a professional money manager. The short-term pooled fund earned a return of 0.25% in 2009-10 and had an average term to maturity of 19 days (2008-09: a return of 2.4% and an average term to maturity of

51 days). The overall decrease in cash and cash equivalents results from net cash provided by operating activities of \$2.9 million, contributions from non-owners of \$1.3 million and a decrease due to the net cash used for investing activities of \$13.0 million. Current assets also included a derivative asset consisting of an unrealized gain of \$3.8 million on foreign currency forward contracts that matured on March 31, 2010, but settled on April 7, 2010.

As at March 31, 2010, the fair value of the Council's investments was \$265.6 million, which included \$32.2 million in money market pooled funds targeted for future, long-term investment in Canadian equities, fixed income, infrastructure and real estate. Investments increased \$36.5 million over the fair value of \$229.1 million recorded at March 31, 2009. The increase in fair value reflects the overall recovery in the world markets from the previous year's global economic slowdown caused in large measure by a lack of liquidity and poor conditions in the global credit markets that created a reluctance to lend or borrow.

The Council invests in units of pooled funds that are managed by professional money managers. The Council's investments are guided by a *Statement of Investment Policies and Goals*, which is approved by the Board and available from the Council. The objectives of the portfolio are to generate long-term real returns to supplement the parliamentary appropriation and to support the fellowships and prizes for the Killam Funds and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Funds and Special Funds represent contributions from non-owners that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Funds are required to be maintained in a separate investment portfolio that is consolidated for reporting purposes. The Special Funds are included with the Council's investment portfolio; a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time each contribution was received.

In December 2009, the Board approved adjustment to the asset mix policy and at March 31, 2010 the Council had not completed re-balancing of the portfolio. The *Statement of Investment Policies and Goals* allows for a grace period of six months for the rebalancing of the asset classes to the benchmark.

An Investment Committee composed of independent experts with experience in both the investment field and the asset classes in which the Council invests assists in the oversight and management of the portfolio. Council Board Members sit on the Investment Committee. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work.

The Investment Committee reviews the Council's investment policy annually, and, as considered necessary and appropriate, recommends adjustments to the asset mix and to the diversification of the portfolio management structure. This year, the Investment Committee took account of the global economic downturn and subsequent nascent recoveries and assessed the effect on the portfolio at each meeting through regular updates from the money managers and a review of the portfolio's performance with the investment consultant. The following table shows the actual comparative asset mix as well as the asset mix targets for the portfolio.

Asset Mix 2009-10 Asset Mix 2008-09

	Actual ¹	Target ²	Actual ¹	Target
Investment				
Canadian equities	0%	5%	0%	0%
Global equities	46%	40%	47%	61%
Canadian fixed income	24%	35%	27%	20%
Alternatives	13%	10%	14%	10%
Real estate	3%	5%	5%	4%
Infrastructure	3%	5%	2%	5%
Money market	11%	0%	5%	0%

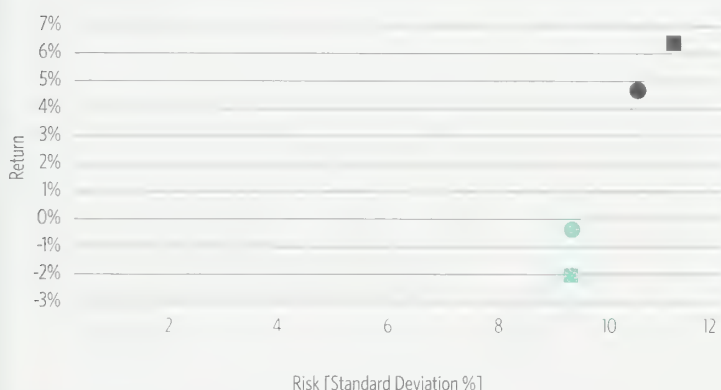
¹ May not add to 100% due to rounding

² Revised December 2009

The Investment Committee monitors closely the level of risk within the portfolio. Chart I shows risk and return comparing the Council's asset mix four years ago with its asset mix as at March 31, 2010. The horizontal axis represents the level of risk, and the vertical axis represents the return. At March 31, 2006, the portfolio did not have the same level of diversification that it has today and the chart shows that the level of risk has declined with the increased diversification of the portfolio and that that risk is at the same level as the benchmark.

Chart I: Risk Return Analysis

Four years ending March 31, 2010 and four years ending March 31, 2006



- Total Fund (4 years ending March 31, 2010)
- Benchmark (4 years ending March 31, 2010)
- Total Fund (4 years ending March 31, 2006)
- Benchmark (4 years ending March 31, 2006)

Chart reproduced with the permission of Hewitt Associates

During the year, the Council realized net capital losses of \$4.9 million from the sale of a portion of its investment portfolio. In order to reduce the risk of currency exposure in the portfolio, the Council tries to minimize the impact of changes in currency by hedging the non-Canadian portion of the portfolio, excluding emerging markets. (On April 1, 2010 the Council switched from a 50% passive hedging to a dynamic strategic hedging approach whereby the hedging by currency may range between 30% and 70% at a given point in time). During the year, this program resulted in a net currency gain of \$12.6 million as the Canadian dollar appreciated, mainly against the U.S. dollar.

Works of art and musical instruments appear on the Council's balance sheet at a value of \$20.7 million as at March 31, 2010, a net increase of \$545 thousand over the previous year. During the year, the Canada Council Art Bank acquired new works at a cost of \$596 thousand and disposed of works costing \$51 thousand. The Art Bank has the largest collection of contemporary Canadian art in Canada, with about 17,500 works, and rents works of art to interested public and private sector organizations. The Art Bank is allowed to reinvest any surplus from its operations in the acquisition

of new works of art. The Council's Musical Instrument Bank owns or manages 15 historically important, fine stringed instruments and a fine cello bow, which are loaned to gifted young musicians for three year terms

Other capital assets include office equipment and leasehold improvements, which decreased by \$420 thousand over the course of the year, reflecting that amortization of existing assets more than offset acquisitions (other than works of art and musical instruments).

Liabilities

As at March 31, 2010, the combined balance of current liabilities was \$29.5 million, a decrease of \$4.3 million over the previous year. Current liabilities are those liabilities that in the normal course of operations are expected to be paid within the next year and which have been included in the Council's expenses for 2009-10. They include grants payable; accounts payable and accrued liabilities; derivatives; and deferred parliamentary appropriations. The major changes occurred in grants payable, which decreased \$3.9 million in comparison to the prior year due.

Other liabilities include deferred revenues, which pertain to Art Bank rental fees received in advance of their due date; the unamortized portion of the lease inducement received from the Council's landlord; and employee future benefits, which represent the severance entitlements of the Council's employees and typically increase with each additional year of service.

Equity

Equity consists of the following elements as at March 31

(in thousands of dollars)	2010	2009
Equity		
Contributed surplus	\$ 50,000	\$ 50,000
Retained earnings	12,715	13,317
Accumulated other comprehensive income	11,301	(24,847)
Reserve from the capitalization of investment income	166,745	166,745
Reserve for investment in works of art and musical instruments	20,710	20,165
	\$ 261,471	\$ 225,380

The contributed surplus of \$50 million represents the original contribution by the government of an endowment when the Council was established in 1957.

Retained earnings in the amount of \$12.7 million include unspent grant budgets of previous years that are carried forward for a known future use and a balance of uncommitted funds to allow for the smooth operation of the Council.

Accumulated other comprehensive income (AOCI) consists of two items: available-for-sale financial assets and contributions from non-owners. Available-for-sale financial assets include the unrealized gain or loss on the fair value of the Council's financial assets at March 31 and the reclassification to operations of any gains or losses on disposal or impairment of investments previously recognized in this component of AOCI. The contributions from non-owners consist of contributions received by way of donation or bequest that have been restricted for specific purposes by the donors; any income attributed to non-owner contributions that was not required during the year for the stated purposes of the contribution, the proportionate share of the unrealized gain or loss resulting from the fair value measurement of the Council's investments at March 31; and the reclassification to operations of any gains or losses on disposal of investments previously recognized in this component of AOCI.

The reserve from the capitalization of investment income was unchanged during the year as, while investment income was below the budgeted

amount, the Council was able to conduct its activities without requiring drawdown from the reserve. The Council's policy is that, in years when investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the retained earnings to the reserve from the capitalization of investment income, and, in years when investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. The total of \$166.7 million at March 31, 2010 represents the sum of excess investment income since the establishment of the Council. The balance of the equity account is the recognition as a reserve of an amount which equals the cost of its works of art and musical instruments. This recognizes that the ownership of works of art and musical instruments provides physical, rather than financial, capital to the Council.

Statement of Operations

Summary Statement of Operations for the years ending March 31

(in thousands of dollars)	Actual 2010	Budget 2010	Actual 2009
Revenue			
Parliamentary appropriation	183,122	180,782	182,242
Net investment income	7,825	12,953	5,398
Net Art Bank revenue	404	30	395
Other	2,855	1,990	2,457
	194,206	195,755	190,492
Expenses			
Programs	176,628	177,440	176,042
Canadian Commission for UNESCO	2,005	2,264	2,521
General Administration	15,592	15,950	14,349
	194,225	195,654	192,912
Net results for the year	\$ (19)	\$ 101	\$ (2,420)

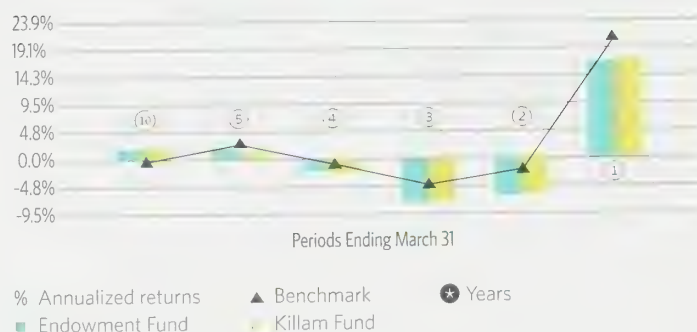
The Council receives an annual appropriation from Parliament. For the year ended March 31, 2010, this amount was \$183.1 million, \$0.9 million higher than in 2008-09.

The financial markets in which the Council invests are quite diversified and, in 2009-10, the Endowment and Special Funds and the Killam Funds had positive one-year returns of 14.8% (negative 23.0% in 2008-09) and 15.2% (negative 23.2% in 2008-09) respectively. The portfolios were positively affected by the overall improvement in the world equity markets, a general increase in market confidence globally and appreciation in the Canadian dollar.

The improved returns resulted in recognized net investment income of \$7.8 million, which was \$2.4 million greater than 2008-09 but \$5.2 million less than budget. Net gains on foreign currency forward contracts increased by \$18.1 million over the previous year to \$12.6 million and were attributable to a significant appreciation in the Canadian dollar. These gains represented the largest portion of investment income for the year. Interest and dividends provided \$6.9 million of investment income for the year, a decrease of \$3.9 million over 2008-09 reflecting continued low interest rates and the general need for enterprises to retain capital rather than pay dividends. Net realized losses on disposal of investments were \$4.9 million compared to \$977 thousand in the previous year. These losses resulted largely from the disposal of equities in the process of rebalancing the portfolio to the new asset mix. In addition during the year, the Council recognized a \$6.5 million impairment in its interest in a US real estate pooled fund, as the loss in value was considered other than temporary.

Chart II shows the annualized portfolio returns for the last ten years of the Endowment and Special Funds and the Killam Funds against the benchmark return. It shows the impact of the 2008-09 economic downturn and the subsequent recovery and reflects the experience of most other institutions.

Chart II: Annualized Portfolio Returns



The Council's investment policy prescribes that cash can be withdrawn from the portfolio at a rate of up to 4.5% of the previous three-year average market value, using balances at September 30. Chart III shows the annual portfolio returns for the Council in each year since 2001 and the corresponding effect those returns have had on the year-end market value. Chart III also demonstrates how the investment market returns can fluctuate year over year. The Council reinvests excess investment income above the budgeted amount in order to ensure the continued growth of the fund. This reinvestment is also intended to bring the value of the portfolio closer to what the original endowment amount from 1957 would be if expressed in today's dollars. This proactive approach helps bring additional stability and long-term growth for the Council. In years where investment income is not as favourable as expected, the Board may approve the use of previous years' capitalized income that is represented by the reserve from the capitalization of investment income, a component of equity on the balance sheet.

Chart III: Annual Portfolio Returns



Net Art Bank revenue of \$404 thousand is \$374 thousand higher than anticipated for the year and only \$9 thousand above last year's reported figure of \$395 thousand. This net return reflected the ability to maintain the increased rental of works of art attained in the prior year.

Other revenue includes the cancellation of grants awarded in previous years, boardroom rental fees, donations, tax rebates and others. These revenues can fluctuate from year to year; they increased by \$398 thousand in 2009-10.

Program expenses for the years ending March 31 include the following three components:

(in thousands of dollars)	Actual 2010	Budget 2010	Actual 2009
Grants	158,390	156,692	158,186
Administration	12,512	13,736	12,452
Services	5,726	7,012	5,404
	176,628	177,440	176,042

In 2009-10, program expenses accounted for over 91% of Council's total expenses of \$194.2 million, about the same percentage as in 2008-09 (91%). Program expenses were \$586 thousand above the previous year but \$812 thousand less than budget. Grants to artists and arts organizations represented about 90% of the total program expenses; they increased by \$204 thousand this year. Services include other types of support provided to the arts community, such as expenses related to workshops, adjudication of programs, program evaluation, researches and advisory committees. Program administration costs represent the direct cost of operating the Council's programs. These include salaries, benefits, travel and professional services, and they increased \$60 thousand over 2008-09. Council will continue to exercise this fiscal restraint in future, notably the next three fiscal years.

The Canadian Commission for UNESCO (CCU) operates under the aegis of the Canada Council. The CCU spent \$2,005 thousand in 2009-10, a decrease of \$516 thousand from 2008-09 and \$259 thousand under budget. The decrease was due mainly to a one-time contribution of \$500 thousand on behalf of the Government of Canada to the UNESCO International Fund for Cultural Diversity received in the prior year. The CCU co-ordinates UNESCO program activities in Canada; encourages Canadian participation in UNESCO activities abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about future UNESCO programs and budgets to the Department of Foreign Affairs and International Trade. The CCU also initiates activities in Canada to advance and obtain visibility for UNESCO's program objectives.

General administration expenses include the cost of Council Secretariat, Communications and Corporate Services (which includes Finance, Human Resources and Information Management). Items include salaries, benefits, travel, professional services, amortization, accommodation and others. These costs were \$1,243 thousand higher than those reported in 2008-09, and were \$358 thousand under budget. The increase was due principally to the annualization of staffing and service improvement introduced in the prior year which was the first year of the current three-year corporate plan.

Accounting Changes

In December 2009, the Public Sector Accounting Board (PSAB) amended the Introduction to Public Sector Accounting Standards. The introduction identifies the characteristics of various types of organizations, and, depending on the type of organization, determines the accounting standards that should be followed. The Council is awaiting the results of two Exposure Drafts, *Financial Instruments* (September 2009) and *Financial Reporting by Government Not-for-Profit Organizations* (March 2010) which may have significant impact on the presentation of the Council's financial statements. Therefore, Council continues to assess the public sector accounting classification of government organizations and the accounting standards to be applied.

During the year, the Council adopted the changes made by the Canadian Institute of Chartered Accountants (CICA) to Section 3862 of Part V of the CICA Handbook, *Financial Instruments - Disclosures*, to enhance disclosures about fair value measurements and about the liquidity risk of financial instruments and Section 3064 - *Goodwill and Intangible Assets*.

All across Canada, artists inspire us.

**They make us laugh, dance, cry, reflect.
They enrich and nourish us.**

**We are proud to highlight
a few of their achievements.
Art for the young, and the young at heart...
Works that bring us together.
Community impact with a global reach.**



E-Macchina

Con un'installazione di grandi dimensioni, l'artista ha creato una macchina che, attraverso la sua struttura, si trasforma in una macchina per la produzione di arte. L'opera è composta da una serie di pannelli che, quando sono illuminati, mostrano immagini e disegni. La macchina è stata progettata e costruita dall'artista, che ha utilizzato materiali e tecniche innovative. L'opera è stata installata in un luogo pubblico, dove può essere vista da un grande numero di persone. L'artista ha voluto creare un'opera che sia in grado di comunicare con il pubblico e di stimolare la loro creatività. L'opera è una vera e propria macchina per la produzione di arte, che ha il potere di trasformare un luogo in un'opera d'arte.

Photo: Francis Vachon

Tafelmusik Baroque Orchestra

In 2009, Tafelmusik reached for the stars. The renowned Toronto-based baroque orchestra co-produced *Galileo Project: Music of the Spheres* with Alberta's Banff Centre for the Arts to celebrate the 400th anniversary of Galileo's astronomical telescope. The internationally acclaimed multimedia program explores music's power to stimulate and transform our understanding of the universe. In April 2009, the International Astronomical Union named an asteroid after Tafelmusik. 2009 was also the year Tafelmusik made its debut at New York's Carnegie Hall.

Photo: Cylla von Tiedemann



Dulcinea Langfelder & Co.

For 25 years, Dulcinea Langfelder & Co. has worked to make the world a better place through its thought-provoking and entertaining performances. The Montreal company will celebrate its anniversary in fall 2010 with a revival of *Victoria*, a dance-theatre production that takes a tender and humorous look at aging. *Victoria* has toured the world, and in spring 2009, was a hit with audiences at the Harare International Festival of the Arts. In keeping with its mandate, the company took advantage of its stop in Zimbabwe to offer workshops in artistic expression for local youth.

Photos: Cylla von Tiedemann and Erik Lapierre





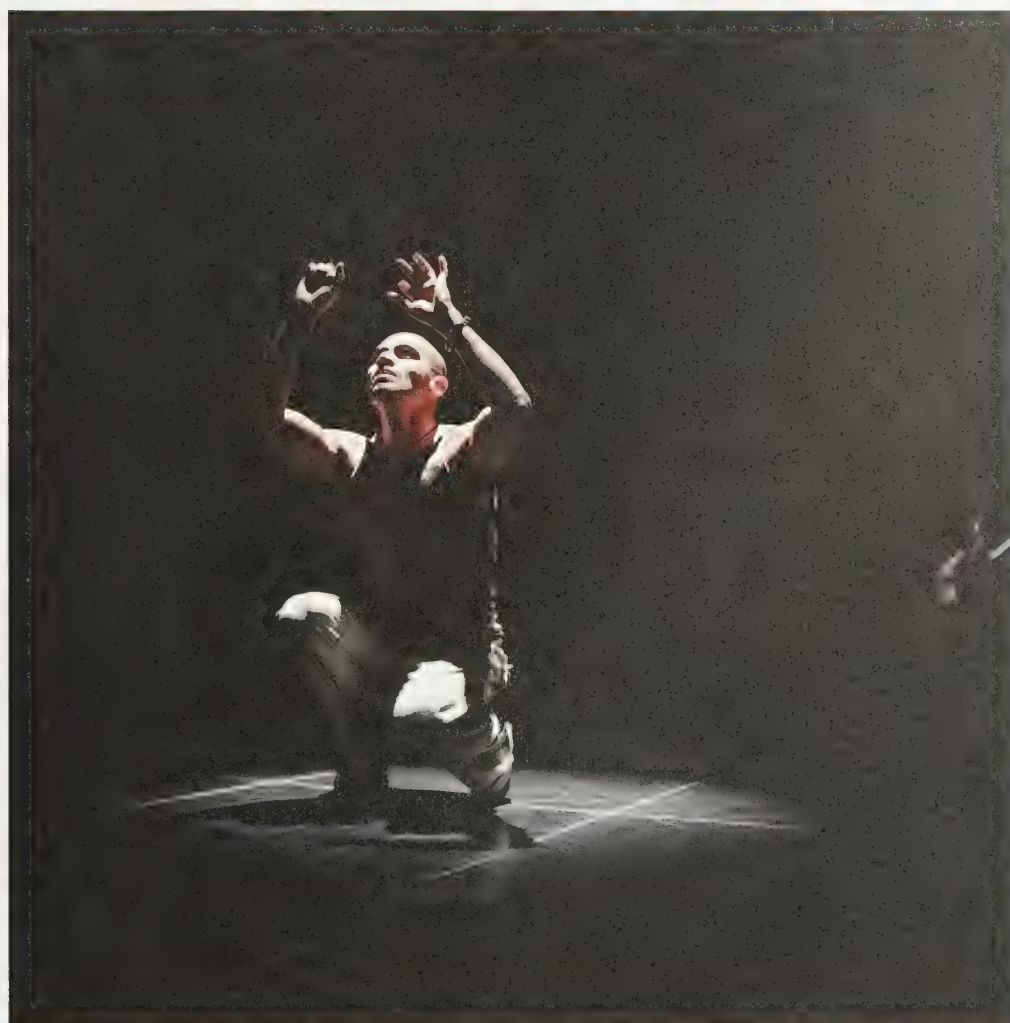
World Music Expo

2007

After a long and successful career, taking their place in the history of world music, the two brothers, who are also the founders of the label, are back together, releasing their first album in over a decade. The album, *Les Chansons de l'Éternité*, is a collection of songs that have been passed down through generations. The album is a tribute to the music of the past, and it is a testament to the power of music to transcend time and space.

The album is a collection of songs that have been passed down through generations. The album is a tribute to the music of the past, and it is a testament to the power of music to transcend time and space. The album is a collection of songs that have been passed down through generations. The album is a tribute to the music of the past, and it is a testament to the power of music to transcend time and space.

Photo: Jeremy Ulewyczyk



WOM

The WOM (World Music Expo) is a festival that celebrates the diversity of world music. It is a festival that brings together artists from different cultures and backgrounds, and it is a festival that is open to everyone. The festival is a celebration of the power of music to transcend time and space, and it is a festival that is a testament to the power of music to transcend time and space.

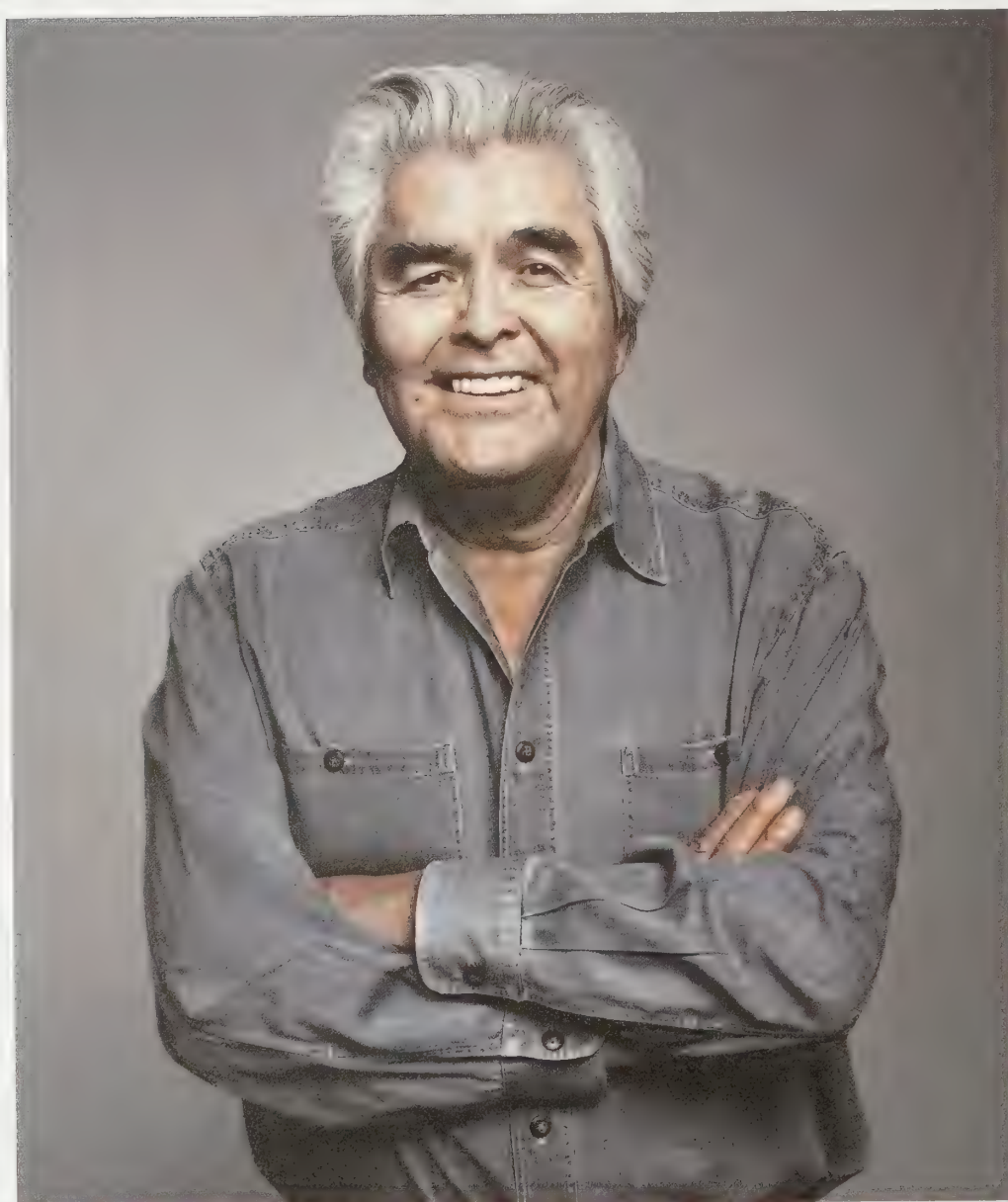
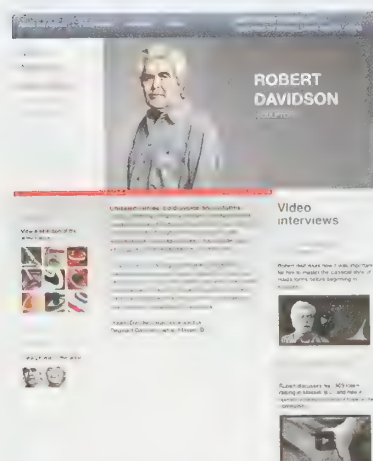
Photo: Ulysse L. B.



Robert Davidson

"The role of the artist, I feel, is a historian," says Robert Davidson in a video interview produced by the Canada Council when he won a 2010 Governor General Award for his work in Media Art. A leading figure in the renaissance of traditional art, Davidson is deeply committed to mentoring young artists and sharing the history of his people's art forms. Last year, for example, he hosted a traditional design workshop for youth in his home village of Haida Gwaii and worked with apprentice artists in his studio in White Rock, BC.

Photos: Martin Lipman





cont.

COBAS' collective of Black women dancers' performances are a blend of energy, passion and intuition, inspired by African and Afro-Caribbean rhythms and dances. DeAfrican's attraction with contemporary art and its contemporary dance presented a new perspective. It is a performance that explores the potential of dance as a means of social practice, through community, connection and self-expression. It is a performance that is a celebration of the extraordinary and the everyday, a performance that is a celebration of the African heritage that is a part of us all.

Sir Anner - Performer and MA, Feb. 2019
Photo: Neegwina Anderson

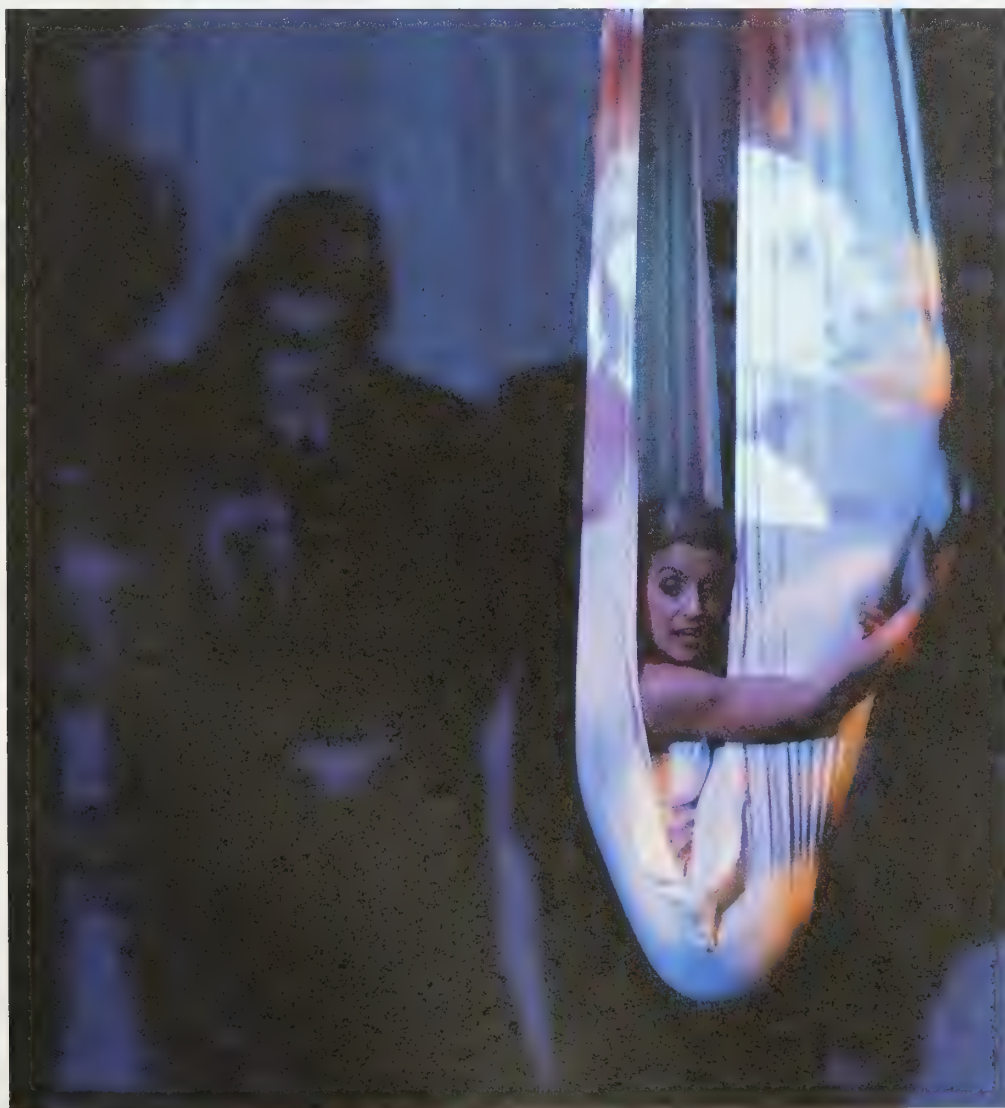


Acadie, 1970

For the first time, the play is set in a real location, the Musée de la Ville de Québec, in the heart of the city. The play is a historical fiction, set in 1970, during the Quiet Revolution. It tells the story of a young woman, Acadie, who is struggling to find her place in a world that is changing rapidly. The play is a powerful exploration of identity, family, and the search for meaning in a world that is constantly evolving. The play is a masterpiece of Canadian literature, and it is a must-read for anyone who is interested in the history and culture of Quebec.

Starring: Geneviève Chasson, Claire Normand and Albert Belzile. Photos: Maurice Arsenault





English Theatre and Contemporary Society

Theatre is a powerful medium for exploring contemporary society, and the English Theatre has been at the forefront of this exploration. This article explores the role of the English Theatre in contemporary society, focusing on the work of the National Theatre and the Royal Shakespeare Company. The National Theatre, founded in 1963, is a leading force in contemporary British theatre, known for its innovative and socially engaged productions. The Royal Shakespeare Company, founded in 1960, is another leading force, known for its high-quality productions of Shakespeare's plays. Both companies have played a significant role in shaping contemporary British theatre and in exploring contemporary society through their work. The National Theatre, for example, has produced a number of productions that have been widely praised for their social and political commentary. The Royal Shakespeare Company, on the other hand, has been praised for its high-quality productions of Shakespeare's plays, which have helped to bring these plays to a wider audience. Both companies have also been instrumental in promoting diversity and inclusion in the theatre industry. The National Theatre, for example, has a long history of producing works by Black and Asian playwrights, and the Royal Shakespeare Company has also been praised for its commitment to diversity and inclusion. In conclusion, the English Theatre has played a significant role in contemporary society, and the National Theatre and the Royal Shakespeare Company are two of the leading forces in this exploration.

Photo: Chal fourProcktor Photography



The Only Animal Theatre

Melting rain and snow may have dogged the 2010 Olympic sporting events, but the icy set of *NiX* held firm. This production, by Vancouver's The Only Animal Theatre, has been described by the *Calgary Herald* as "part Cirque du Soleil, part Beckett and part freezer epic." A sparkling highlight of the 2010 Cultural Olympiad, *NiX*'s success was due in part to a full-scale workshop of the production that helped to fine tune the performance and test drive the technical complications of a stage covered in snow and ice. The workshop was funded through Art Partners in Creative Development, a partnership of the following: Province of B.C., Canada Council, City of Vancouver, Vancouver Foundation, Vancouver Organizing Committee for the 2010 Olympic and Paralympic Games and 2010 Legacies Now.

Shown here: Lucia Frangione in *NiX*, written and directed by Kendra Fanconi. Photo: Trudie Lee Photography

DIASPORA

In 2009, the Canada Council Art Bank acquired 55 works by Canadian artists from diverse cultural communities. Rideau Hall, the residence of the Governor General, in partnership with the Art Bank and the Council's Equity Office, is exhibiting 18 of these remarkable artworks until September 2010. The exhibition, *DIASPORArt*, is a window onto the intermingling of cultures in Canada. Through their works, the artists of African, Asian, Middle Eastern or Latin American origin compare their cultural heritage with Western society and its values, while exploring current trends in the visual arts.

Fabian Jean, *A New World*, 2008, oil on canvas.
Photo courtesy of the artist



Celebration Box

Canada was the guest of honour at the 2009 Cheongju International Craft Biennale in South Korea. Over 200 ceramic, glass, wood and textile artists from across the country represented Canada at the prestigious event. The Canadian Crafts Federation, based in Fredericton, N.B., organized the exhibition of works, *Unity and Diversity*. Some 70 works from the exhibition then travelled to the Museum of Vancouver to be shown as part of the 2010 Cultural Olympiad. Shown here: *Celebration Box*, birdseye maple/walnut, by Diane Gaudreau, South Rustico, P.E.I.

Photo: Henry Dunsmore





Robert Minden Duo

"Some of the coolest sound I've ever heard!" This quote from a non-Indigenous student describes the unique performance of the Robert Minden Duo, based in Vancouver and comprised of Robert Minden and Carla Hallett. Last fall, the duo presented three productions at Ontario schools and universities: the well-known *Loose Ends*, the brand-new *Hidden Elephant* and *Like a Fish Off Water* (with poet Daphne Marlatt). The duo's concerts are often accompanied by storytelling and workshops that allow students to experiment with unlikely instruments: a musical saw, a toy piano or other everyday objects. With this duo, the possibilities are endless.


Photos: Nancy Walker



Manitoba Theatre for Young People

In spring 2009, tens of thousands of high school students from Saskatoon, Winnipeg and several communities in northern Manitoba experienced *Rich*, a musical featuring hip hop, breakdancing, skateboarding... and even energy drinks. Composed by Olaf Pyttliq and written by Vern Thiessen (winner of a 2005 Governor General's Literary Award for *Einstein's Gift*), *RI&H* is the story of a teen who must choose between wealth and cool clothing, and friendship and self-respect. This modern take on the Faustian legend of selling one's soul to the devil was a hit with its young audience, who identified strongly with the story. Manitoba Theatre for Young People has been presenting theatre for general audiences since 1982.

Shown here: Kimberley Rampersad and Scott Shpeley. Photo: Hubert Pantel



Alberta Ballet

In spring 2010, Alberta Ballet's artistic director Jean Grand-Maître invited audiences to a unique encounter between his dance company and Elliott John Love's *Les Bleus* as a foray into the extravagant world of pop music, freely inspired by the style of the famous singer and treated with his collaboration. Prior to Elliott John, the legendary Ioni Mitchell worked with Grand-Maître to create the impressive *The Fiddle and the Drum* for the 10th Alberta Ballet's 40th anniversary in 2007. This work was later presented at the opening of the 2010 Winter Olympic in Vancouver, next up for the Alberta Ballet: Sarah McLachlan.

Photo: Donald Lee

Paralympic School Week

School children across the country cheered on Canada's athletes in the 2010 Paralympic Games. In doing so, they learned about inclusion, resisting stereotypes and meeting challenges. Through the Paralympic School Week initiative and an accompanying educators' guide hundreds of schools hosted paralympians as motivational speakers, planned mini-paralympic games, or organized creative activities and fundraisers. The Canadian Commission for UNESCO, which operates under the aegis of the Canada Council, endorsed Paralympic School Week, presented by the British Columbia Ministry of Education, the Vancouver Olympic Committee and the Canadian Paralympic Committee

Shown here: Students at Carisbrooke Elementary School in North Vancouver, B.C.
Photo: Kim Stallknecht



Contact Photography Festival

Need fuel for your morning commute? Every May, Toronto's 1.3 million daily commuters are treated to works by some of Canada's top photographers displayed on screens in 50 subway stops. This initiative takes place as part of the Contact Photography Festival, a 14-year-old event that blankets Toronto in photography for a month every year. Museums, galleries, universities and public spaces all take part by hosting exhibitions, lectures and workshops. Works from Toni Hafkenscheid's series, *Established Shots* were among the works exhibited by the Toronto Transit Commission (TTC) during the 2010 festival. A work from this series was also purchased in 2010 by the Canada Council Art Bank.

Toni Hafkenscheid, *Gas Station, Hope, B.C.*, 2008



Women's Cultural Institute

The ancient tradition of throat singing, or *qajaq*, continues to resonate across the North, thanks in part to organizations like the Avataq Cultural Institute. In fall 2009, Avataq invited elders, mid-career and emerging singers from across the Northwest Territories (NWT) to Quebec City (Quebec) for five days of singing and learning together. Just as a pair of throat singers alternate and build on each other's melodies to create many layers of sound, traditional and experimental throat singers exchanged and built on each other's knowledge. Taqralik Partridge, an international award-winning throat singer and spoken word artist was one of the organizers and participants of the event.

Shown here: Baker Lake elders Mary Anowtalik and Eva Mukjunik with Inuit throat singer Celina Kalluk. Photos: Michel Patry, courtesy of Avataq Cultural Institute



Clyde Fans

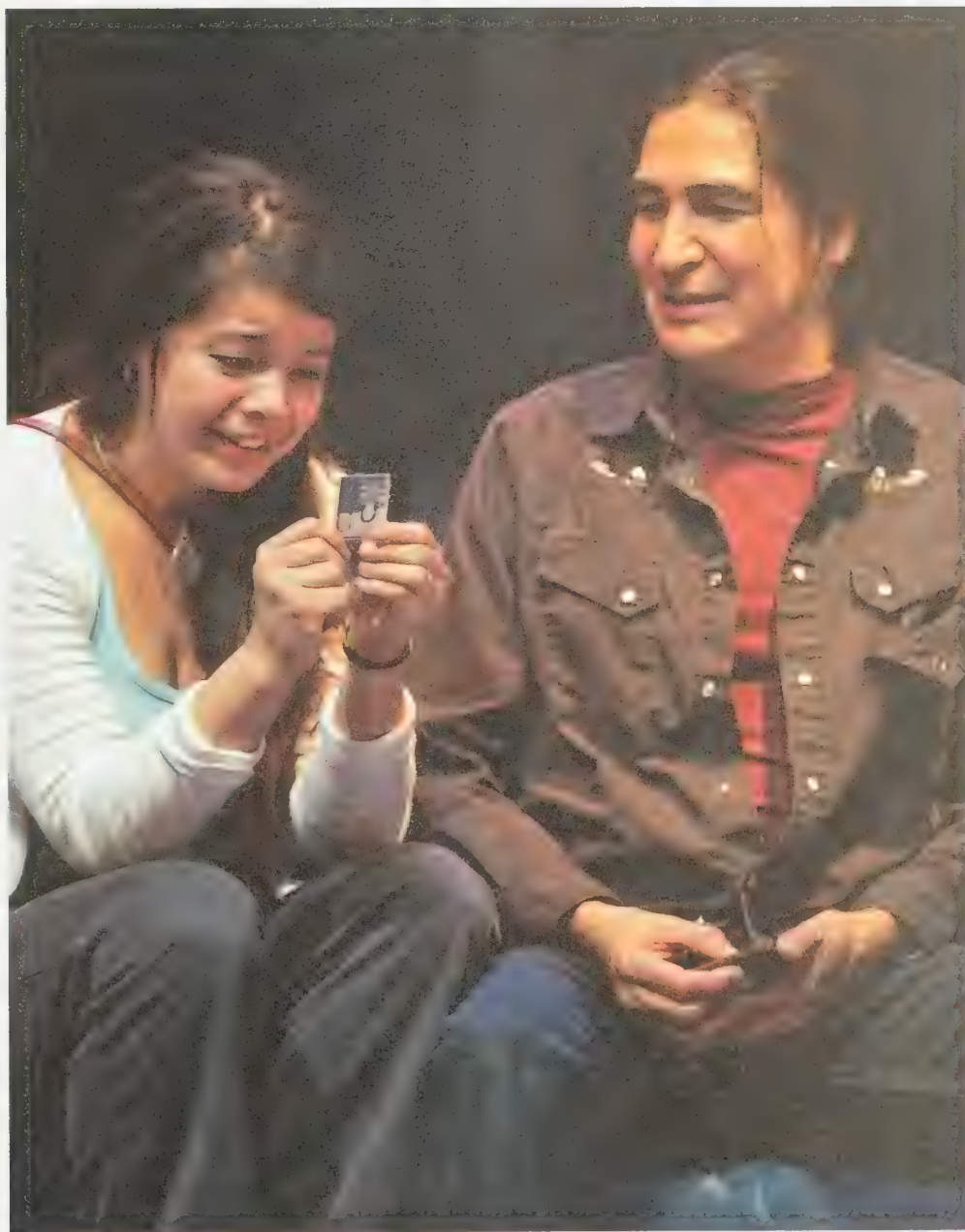
Two black-and-white photos of two businessmen hung on the wall of an out-of-business fan company showroom (Clyde Fans) in Toronto. This real-life scene led to the graphic novel *Clyde Fans* by Seth, published (Part 1) by Drawn and Quarterly in 2004. The talented comic book artist recreated the two businessmen as brothers Simon and Abraham Matchcard, and through their invented history, explored themes of loneliness, loss and our relationship with time. He is currently working on the conclusion of this brilliant and touching saga, and has just published *George Sprott 1894-1975*, which first appeared in *The New York Times Magazine*.



Kevin Loring

Set in a tiny B.C. village, Kevin Loring's drama about reconciliation and redemption has earned acclaim across Canada. *Where the Blood Mixes* is the story of a father's reunion with his adult daughter who was taken into care by social services as a child. The play opened on the day the Government of Canada officially apologized for the damage done by the residential school system to Aboriginals in Canada, and has been touring nationally ever since. Loring, an actor and playwright from the (Nlaka'pamux) First Nation in Lytton, B.C., won a 2009 Governor General's Award for Literature for the play. In February, it was showcased in Vancouver, as part of the 2010 Cultural Olympiad.

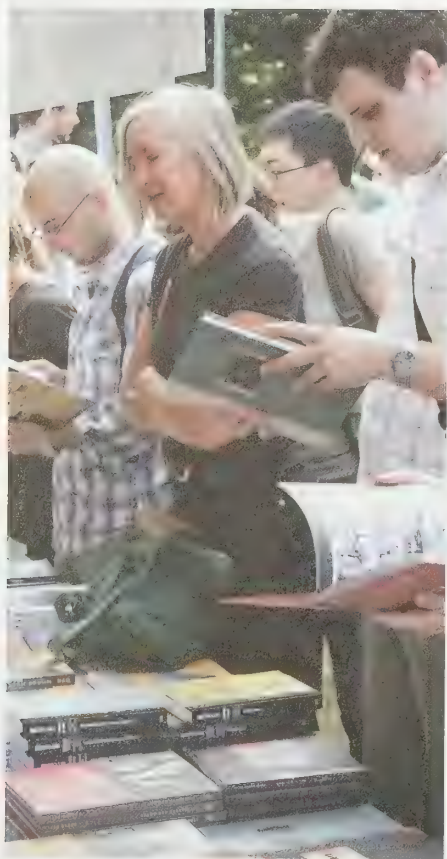
Shown here: Kim Harvey and Billy Merasty in *Where the Blood Mixes*. Photo: David Cooper



The Word On The Street

Each September, on the last Sunday of the month, the streets of Halifax, Montreal, Toronto and Vancouver come alive with words. Thanks to The Word On The Street festival, citizens spend hours browsing in the sun, participating in creative workshops and attending readings by Canadian authors. They also take advantage of the opportunity to buy the latest releases: poetry collections, detective novels, children's books, how-to books and magazines. Last year, 250,000 people took part in the event. The 2010 edition promises to be even more popular, with Saskatoon signing off by staging its own The Word On The Street.

Photos: John Izatt (right), Rich Freedman (below), Tom Sandler (below, right)



Gros Morne Summer Music

If you travel to the west coast of Newfoundland over the summer, you'll see dancers walking on water, professional musicians playing alongside amateurs, and spectators taking part in interdisciplinary performances. Breaking down walls between the public, artists and the environment is standard practice at Gros Morne Summer Music. This five-week festival, which has been taking place in rural Newfoundland communities for the past seven years, is based on the conviction that quality art leads to healthy communities and helps us ponder the bigger questions in society. This year, the festival's program includes *The Same River Twice*, an allegory on the relationship between man and his environment.

Shown here: Min Zse Wu and Megan Casper
Photo: Nance Ackerman



ImagineNATIVE

Aboriginal artists are increasingly becoming the names to watch in Canada's film and media arts scene. Every year, their talent shines at the ImagineNATIVE Film and Media Arts Festival in Toronto. This 10-year-old festival attracts the world's best Aboriginal filmmakers and video artists to connect with programmers, buyers, and industry professionals. Among the award-winners of the 2009 festival is Cree filmmaker Archer Pechawis, from the Mistawasis First Nation, Saskatchewan. Pechawis was recognized for his experimental work, *Horse*, a historical re-imagining of the West told with voice, drum, video and cello.

Archer Pechawis,
still from *Horse*, video (10 min), 2007

Nikki Chooi

Victoria native Nikki Chooi is one of the talented musicians giving new life to the magnificent instruments in the Canada Council's Musical Instrument Bank (MIB). At age 20, Chooi was the youngest winner of the 2009 MIB competition, and was awarded the loan of the 1729 Guarneri del Gesù violin, valued at \$4-million. For the next three years, the violin will accompany him to major concert halls across Canada and abroad. In October 2009, Chooi played the theme from *Schindler's List* to a distinguished audience at National Constitution's Liberty Medal ceremonies in Philadelphia that included filmmaker Steven Spielberg and former president Bill Clinton.

Photo: Stephanie Lake

The GGs in Space

When Canadian astronauts Julie Pavette and Robert Thirsk took off for outer space last summer, they brought along a couple of books – *Airborn* by Kenneth Oppel and *Deux pas vers les étoiles* by Jean-Rock Gaudreault (recent Governor General's Literary Award winning books). The Canada Council contributed the books at the request of the Canadian Space Agency: Robert Thirsk wanted them in his official flight kit in recognition of the fact that he is a descendant of Sir John Buchan, the Governor General who established the awards in 1931.

Photo courtesy of CSA/NASA

Responsible governance is key to efficiency, effectiveness and accountability, and vital in upholding the public trust.

Governance

Board Mandate

The Canada Council for the Arts is governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor in Council for fixed terms. The Board meets at least three times a year and is responsible for the organization's policies, programs, budgets and grant decisions.

As stewards of the organization, the Board oversees the organization's governance. It conducts the Council's business, directs Management and ensures that all major issues affecting the Council are given proper consideration. The Board is accountable to Parliament through the Minister of Canadian Heritage.

The general duties of the Board include:

- ✱ establishing, approving and periodically reviewing the overall policies and programs of the Canada Council;
- ✱ approving the allocation of the budget between various disciplines, purposes and programs;
- ✱ monitoring the effectiveness of the programs and the integrity of the peer assessment system;
- ✱ authorizing the awarding of grants, either directly or through delegated authority; and
- ✱ representing the Council at public events or other activities and explaining the Council's role in supporting the arts to the arts community, to national, provincial and local leaders, and to the general public.

More detailed information on the Board's roles and responsibilities is available in the Canada Council's Governance Policy and the By-laws.

Highlights

In 2009-10, the Board:

- ✱ held three meetings in Ottawa and one meeting in Moncton, New Brunswick;
- ✱ held its second Annual Public Meeting in Moncton, New Brunswick;
- ✱ approved the revised Canada Council By-laws and the *Governance Policy*;
- ✱ approved the revised *Peer Assessment Policy*;

- ✱ approved the annual Financial Overview and Financial Statements;
- ✱ approved the risk-based internal audit plan;
- ✱ approved the annual Revenue, Grants, Services and Administration budget;
- ✱ reviewed the composition and membership of the Board committees;
- ✱ approved major program modifications and grants over \$100,000; and
- ✱ reviewed the integrated risk management framework and the corporate risk profile.

Board Independence

All members of the Board are independent directors. This independence is fundamental to sound governance and effective accountability. While the Director/CEO and Executive Management attend Board meetings to provide information and report on activities, only members may vote and make decisions. Board committees are composed of Board members, with some committees expanded to include external experts selected for their knowledge and expertise.

Strategic and Corporate Planning

The Board is responsible for overseeing and approving the overall policies of the Council and formulating its strategic directions, developing and approving the Corporate Plan and assessing its implementation.

The Corporate Plan encompasses the Council's business and activities and establishes the organization's priorities, objectives, strategies, performance indicators and desired impact. The Council's current Corporate Plan was approved by the Board in October 2008, for the period 2008-09 to 2010-11. A summary is available at www.canadacouncil.ca/aboutus.

Management reports to the Board on how the Council is performing in relation to the objectives set out in the Corporate Plan and on the actual results achieved throughout the year. This regular monitoring of corporate performance assists the Board in its decision-making and provides a key accountability framework for the work of the organization.

The Council launched a new phase of strategic planning in January 2010, which will result in new strategic and corporate plans for the period 2011-2014. The strategic planning process, which will be carried out through 2010-11, will include consultations with staff, the Board and various stakeholders, and will involve extensive reporting on the implementation and results of the 2008-11 Strategic Plan.

Risk Management

The Board identifies and assesses on a regular basis the principal risks inherent in the Council's activities and its external environment. It ensures that appropriate systems to monitor and manage these risks have been implemented. This involves briefings from management as well as reports from the Council's internal and external auditors.

In 2009-10, an enterprise risk management framework was developed. Processes to ensure regular monitoring and reporting will be implemented in 2010-11.

Culture of Ethical Business Conduct

Board members, as public office holders, are bound by the federal government's *Conflict of Interest Act*, as well as the *Ethics for Canada Council Board Members* (updated in 2009-10 as part of the By-law Review). In 2009-10, all new Board members were apprised of the requirements of the latter two documents through their orientation material.

Corporate Social Responsibility

The Council is committed to carrying out its mandate in an environmentally, socially and ethically responsible manner in accordance with its values and principles.

In an effort to fulfill this, the Council will continue to:

- ✱ conduct its business with honesty, integrity and fairness;
- ✱ strive to reduce its environmental footprint by incorporating environmental sustainability considerations into plans, programs, activities and projects, and
- ✱ provide an organizational climate that stimulates and supports employee performance and development.

The Board is responsible for overseeing these commitments. Both individual Board members and the Board as a collective are responsible for ensuring the integration of social, environmental and ethical considerations into Board-related matters.

Board Renewal and Appointments

The Board advises the government on appropriate selection criteria for the Chair of the organization, as well as competency profiles and future needs for Board members and for the position of Director/CEO.

The Governance and Nominating Committee maintains an up-to-date skills and expertise profile based on the Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. Along with experience in the arts and expertise in areas such as finance and governance, it is also a priority to recommend candidates who represent or reflect Canada's official languages, regions, different generations, Aboriginal Peoples, cultural diversity, and gender equity.

The skills and expertise profile, and suggestions of potential candidates, are provided to the Minister of Canadian Heritage as vacancies arise.

Rosemary Vodrey (Winnipeg, MB) was appointed for a four-year term, effective April 23, 2009. Susan Knight (St. John's, NL) was re-appointed for a four-year term, effective September 15, 2009. At March 31, 2010, there were no Board vacancies.

Board Orientation and Continuing Education

New Board members are provided with an orientation session and information package, and attend all committee meetings at the time of their first Board meeting. The information package describes the role of the Board, its committees and members, relevant policies and information relating to the Council and its management. New Board members also meet with the Council's Executive Management Group to discuss the organization's key functions and activities.

In June 2009, an orientation session with management was organized for the Council's newest Board member.

In 2009-10, one Board member attended the *Financial Literacy in a Government Environment* course organized by the Canada School of Public Service. One member attended the Commonfund Forum (in the U.S.), a leading investment conference for trustees and investment staff of nonprofit institutional investors. A session on risk management was provided to all Board members in December 2009.

Board Performance Evaluation

Every year, under the direction of the Governance and Nominating Committee, the Board undertakes an evaluation of the performance of the full Board and Board committees. The Board works throughout the year to implement the recommendations resulting from the Board evaluation.

Senior Appointments

Guided by standard staffing principles and practices, a recruitment and selection process is in place for senior management positions. Staffing processes are managed either by the Human Resources Division or by an executive search firm. Job profiles are regularly reviewed and updated; vacancies are advertised nationally as well as on the Council's website for a minimum of one month; hiring and selection committees include experts that also represent Canada's cultural diversity.

In 2009-10, there were five senior appointments: Arash Mohtashami-Maali, Head, Writing and Publishing (April 20, 2009), Doug Sigurdson, Head, Visual Arts (May 4, 2009), Pierre Pontbriand, Head, Strategic Communications (May 11, 2009), Vincent Renaud, Head, Digital Media and Creative Services (May 19, 2009), Robin Ghosh, Director, Finance and Administration (February 8, 2010)

Director/CEO Assessment Activities

The Director/CEO is accountable to and reports to the Board, carries out its policies and directives, attends meetings of the Board and Board Committees, and represents the Council personally or through a delegate in its relations with departments and agencies of the government and with other organizations. The Director/CEO keeps the Board updated on important factors affecting the achievement of the Council's strategic objectives.

The Director/CEO's performance is assessed annually by the Board, according to the Privy Council Office's Performance Management Program for Chief Executive Officers of Crown Corporations. The Board communicates the results of the Director/CEO's annual performance appraisal to the Minister of Canadian Heritage.

Communications with the Minister of Canadian Heritage, Parliamentarians and Other Stakeholders

Good governance requires transparency and accountability. The Board is responsible for ensuring that the Council communicates effectively with the Minister and officials in the Department of Canadian Heritage, as it is accountable to Parliament through its Minister. It is also important for the Council,

as a federal Crown corporation, to communicate effectively and in a timely manner with parliamentarians and other key stakeholders – public, government, and the arts community.

Among the key documents provided to the Minister, parliamentarians and other stakeholders in 2009-10 were the Canada Council's *Annual Report* and a compendium of funding provided to artists and arts organizations (including a national overview and provincial and territorial profiles). These reports are available at www.canadacouncil.ca/aboutus.

Annual Public Meeting

On September 30, 2009, the Council held its Annual Public Meeting in Moncton, New Brunswick. It reported on its recent activities and plans for the future, and received feedback from interested stakeholders. The Director/CEO, the Chair, the Vice-Chair and all other members of the Board, as well as senior staff, were present.

Board Committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are four standing committees of the Board: the Executive Committee, the Audit and Finance Committee, the Governance and Nominating Committee¹ and the Investment Committee. Their roles, responsibilities and reporting requirements are defined in the By-laws.

Executive Committee

The Executive Committee acts on behalf of the Board (with exceptions related to the approval or amendments of By-laws, policies, budgets, financial statements, grants or the Annual Report) in the interval between meetings of the Board.

Membership: Joseph L. Rotman (Chair), Simon Brault and Rosemary Vodrey.

Highlights

In 2009-10, the Executive Committee:

- ★ reviewed and approved the final version of the revised Peer Assessment Policy (as delegated by the Board); and
- ★ reviewed and recommended for approval the Director/CEO's performance assessment.

Audit and Finance Committee

The Audit and Finance Committee is responsible for the oversight of the Council's financial performance and ensures the integrity, effectiveness and accuracy of Council's financial reporting, control systems, integrated risk management processes and audit functions.

Membership: Simon Brault (Chair), Luc LaRochelle, Jerry Mazerolle, Anna Porter and Jean Saucier.

Board and Board Committee Attendance: April 1, 2009 to March 31, 2010

	Board	Executive	Investment	Audit & Finance	Governance & Nominating
# of Meetings	8	8	4	4	5
J.L. Rotman	5	8			
S. Brault	8	8		4	4
B. Burley	8				5
T. Hill	8				5
S. Knight	7				5
L. LaRochelle	8			4	
J. Mazerolle	8			4	
P. Ponting	8				5
A. Porter	7		4	4	
J. Saucier	7		4	4	
R. Vodrey	8	8			

Highlights

In 2009-10, the Audit and Finance Committee reviewed:

- the quarterly and annual financial statements;
- the annual budget proposal,
- updates on financial reporting standards,
- the risk-based internal audit plan;
- the internal audit reports on IT Risk Assessment, Program Development and Arts Tracking System (ATS) Privacy Review;
- the annual financial audit plan of the Office of the Auditor General;
- the actions taken to respond to the Special Examination recommendations; and
- the risk management framework and corporate risk profile.

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for ensuring that proper structures and processes are in place for the effective oversight and direction of the Council's activities, including establishing a process to assess the Board's performance; orienting new Board members; reviewing the corporate By-laws and governance framework regularly; and maintaining a list of criteria for filling Board vacancies that ensures representation of the diverse communities served by the Council.

Membership: Simon Brault, Barbara Burley (Chair), Thomas V. Hill, Susan Knight and Philip Ponting.

Highlights

In 2009-10, the Governance and Nominating Committee:

- reviewed and recommended the approval of the revised *Governance Policy, By-laws, and Code of Ethics for Board members*;
- managed the Board evaluation process,
- oversaw the implementation of a web portal for Board information;
- oversaw the planning of the Council's Annual Public Meeting; and
- reviewed and communicated to Canadian Heritage the skill set and profile required for one Board vacancy.

Investment Committee

The Investment Committee is responsible for overseeing and providing expert advice on the Council's investment portfolio, including recommending Board policies with respect to investments, hiring professional fund managers and monitoring their activities.

Membership: Anna Porter, Jean Saucier and the following external experts: Tania Willumsen (Chair), Henry W.C. Gibbs, Susan Luke Hill, Ann Marshall, John H. Matthews and William J. Smith.

Highlights

In 2009-10, the Investment Committee:

- closely monitored Council's investments in a time of fluctuating markets, and had regular meetings with managers to review their performances;
- reviewed asset classes to ensure that Council's investments are appropriate, and
- proposed the re-appointment of Henry W.C. Gibbs, effective July 1, 2009, and the appointment of Ann Marshall, effective October 1, 2009

Other Bodies

Certain Board members also serve on other bodies. Thomas V. Hill serves on the Kakaekwewin Committee. Susan Knight serves on the Executive Committee of the Canadian Commission for UNESCO. Luc LaRochelle serves on the Public Lending Right Commission. Rosemary Vodrey has been appointed to serve on the Advisory Committee for Racial Equality in the Arts (REAC).

Remuneration for Board Directors

Board members are paid an annual retainer and nonoraria based on a fee structure recommended by the government and approved by Order in Council. For 2009-10, the total of fees paid to Board members was \$93,317.

Executive Management Compensation

The Council has adopted salary ranges for its executive management group that reflect those established by the government for all EX-level positions in the federal public service. For 2009-10, the salary ranges were \$200,700-236,200 for the position of Director/CEO and \$98,000-160,600 for executive positions.

At March 31, 2010, the Executive Management Group consisted of Robert Sirman, Director/CEO; Michelle Chawla, Corporate Secretary and Director, Strategic Initiatives; Nicole Doucet, Director, Arts Disciplines; Manon Dugal, Director, Human Resources; Robin Ghosh, Director, Finance and Administration²; John Goldsmith, Director, Stakeholder Relations; and David Walden, Secretary-General, Canadian Commission for UNESCO. There was one vacant position: that of Director of Communications³.

Proactive Disclosure

The travel and hospitality expense information of senior executives is available at www.canadacouncil.ca/aboutus.

Disclosure of Wrongdoing

The Council's *Policy on the Internal Disclosure of Wrongdoing in the Workplace* is based on the requirements of the *Public Servants Disclosure Protection Act*, which applies to all persons employed in the public sector, including employees of the Canada Council and other Crown corporations. In 2009-10, there were no internal disclosures of wrongdoing in the workplace.

- The Governance Committee and the Nominating Committee were merged to form one committee in June 2009 as part of the By-laws review. The membership of all committees was reviewed following this merging.
- William Stevenson served as Director of Finance and Administration until February 2010.
- Carol Bream served as Director of Communications until December 2009.

Biographies of the Board and Director & CEO

(as of March 31, 2010)



From left to right: Thomas Hill, Philip Ponting, Barbara Burley, Susan Knight, Robert Sirman, Simon Brault, Joseph Rotman, Rosemary Vodrey, Luc LaRochelle, Anna Porter, Jean Saucier, Jerry Mazerolle. Photos: Martin Lipman and Ned Pratt

Mr. Rotman is chair of Roy-L Capital Corporation a private family investment company. He has played a key role in establishing a number of private and public companies, including Clairvest Group Inc., a Canadian-based merchant bank, of which he is still a board member. An Officer of the Order of Canada and a passionate supporter of the arts, Mr. Rotman has contributed to Canadian educational, cultural, economic, health care and research communities. Many organizations have benefited from his generous leadership and financial support, including the Art Gallery of Ontario, Baycrest Centre for Geriatric Care, CIHR, the Toronto Hospital, and the University of Toronto. [Appointed July 30, 2008]

Mr. Brault has been CEO of the National Theatre School of Canada since 1997. A long-time arts advocate, he initiated Journées de la culture (1997), led the cultural delegation at the Sommet de Montréal (2002), was chief organizer and chair of the steering committee of RV07 - Montreal, Cultural Metropolis (2007), and is a founding member and president of Culture Montréal. In 2008, Mr. Brault received the Canadian Conference of the Arts' Keith Kelly Award for Cultural Leadership. He is an Officer of the Order of Canada. [Re-appointed March 31, 2009]

Mr. Hill has played an influential role in the development of Aboriginal visual arts as a curator, writer, art historian, artist and volunteer. The first Aboriginal art curator in Canada, he was museum director at the Woodland Cultural Centre, near Brantford Ont., for over 20 years. In 2004, he received a Governor General's

Award in Visual and Media Arts for outstanding contributions to the visual arts in Canada; he has an honorary doctorate from Wilfrid Laurier University. [Re-appointed January 29, 2008]

Ms. Knight is a choral conductor and music educator of international repute, and the artistic director of Shallaway (formerly the Newfoundland Symphony Youth Choir), which she founded in 1992. In 1994, she founded Festival 500, a biennial international choral festival in St. John's initiated as a means of cultural affirmation and economic renewal for her province. She is a Member of the Order of Canada and of the Order of Newfoundland and Labrador. [Re-appointed September 15, 2009]

Ms. Burley has long and varied management experience in the public and volunteer sectors. She was an Assistant Deputy Minister in Nova Scotia's Department of Community Services until her retirement in 2004. She then moved to New Brunswick and, among other volunteer activities, became more directly involved in the arts sector, as vice-chair of the board of the Sunbury Shores Art and Nature Centre, a board member of the Ross Museum of St. Andrews, N.B., president of the Centre de St. Andrews of the Jeunesses Musicales du Nouveau Brunswick and a member of The Shiretown Singers choral group. [Appointed December 3, 2007]

Mr. Saucier has been an investment advisor for BMO Nesbitt Burns for the past 13 years. His involvement in the arts sector started in

1995. He has sat on the boards of *Vie des Arts* (1995-2007) and the Musée d'art contemporain de Montréal (1999-2007), was chair of the museum's foundation (1999-2006) and vice-chair of the Festival international des films sur l'art (2002-07). [Appointed December 3, 2007]

Ms. Porter has extensive experience in the publishing industry. She held several executive positions in leading book-publishing houses before founding Key Porter Books. She was Chief Executive Officer and Publisher until 2006. An award-winning author, she is an Officer of the Order of Canada, and was appointed to the Order of Ontario in recognition of her work in promoting Canadian authors internationally. Ms. Porter has served on the boards of several public companies. [Appointed January 29, 2008]

Mr. Mazerolle has held many different positions with La Fédération des Caisses populaires acadiennes Itée since 1982, after being director general of La Caisse populaire de Caraquet. He was also an advisor for the New Brunswick Judicial Council (1999-2006). He is currently treasurer of the Jeunesses Musicales du Nouveau-Brunswick, and a board member of the community radio station Radio Péninsule (CKRO). [Appointed February 26, 2008]

Luc LaRochelle, Quebec

Mr. LaRochelle is counsel with the national law firm of Borden Ladner Gervais, and serves on the boards of several corporations. He has been an extensive collector of visual art for many years and his collection is represented in most Quebec museums. A former board member of

Vie des Arts and the Association des collections d'entreprises du Québec, he has given frequent lectures on law and the visual arts. He has published five books, and his short stories and poetry have appeared in literary reviews in Quebec, Ontario and France. [Appointed June 18, 2008]

Philip G. Ponting, Alberta

With a legal career that spans 35 years, Mr. Ponting is currently a senior partner in the Calgary office of McLennan Ross, where he practises administrative law, focussing primarily on employment law. He has contributed significantly to the arts, and has served on the boards of the Edmonton Concert Hall Foundation, the Alberta Performing Arts Stabilization Fund, the Board of Governors of the Banff Centre, and the Council of Governors of the Edmonton Aviation Historical Society. He was also a member of the Edmonton Symphony Society from 1986 to 1996. [Appointed February 16, 2009]

Rosemary L. Vodrey, Manitoba

Ms. Vodrey has extensive experience working with Manitoba's cultural community. A representative in the Manitoba Legislative Assembly from 1990 to 1999, she held a number of Cabinet positions, including Minister of Culture, Heritage and Citizenship. In this capacity, she was responsible for the Manitoba Council for the Arts from 1997 to 1999. She is currently a member of the Western Canada Aviation Museum's board. Ms. Vodrey has an educational background in psychology and law. [Appointed April 23, 2009]

Robert Sirman, Director and CEO

Before joining the Canada Council, Mr. Sirman served for five years as policy advisor in Ontario's first Ministry of Culture, 10 years as Director of Operations and Director of Research and Policy Planning at the Ontario Arts Council, and 15 years as co-CEO of Canada's National Ballet School. While at the School, Mr. Sirman spearheaded a \$100 million capital expansion program that tripled the School's physical plant and garnered national and international awards. Under his leadership the Canada Council has undertaken the most extensive strategic planning exercise in its history, reorganized internally following a year-long review, and successfully completed its first special examination by the Auditor General. [Re-appointed effective June 26, 2010]

Senior Staff

(as of March 31, 2010)

Director and CEO's Office

Robert Sirman, Director and CEO*

Michelle Chawla, Corporate Secretary* and Director, Strategic Initiatives

John Goldsmith, Director* Stakeholder Relations

David Walden, Secretary-General* Canadian Commission for UNESCO

Strategic Initiatives

Sheila James, Coordinator Equity

Claire McCaughey, Manager Research

Louise Profeit-LeBlanc, Coordinator Aboriginal Arts

Kelly Wilhelm, Coordinator Partnership and Networks

Arts Disciplines

Nicole Doucet, Director*

Lolita Boudreault, Acting Executive Secretary Public Lending Right Commission

Youssef El-Jai, Head Media Arts

Roger Gaudet, Head Theatre

Donna Gazale, Acting Head Arts Services

Russell Kelley, Head Music

Kelly Langgard, Coordinator Audience and Market Development

Arash Mohtashami-Maali, Head Writing and Publishing

Claude Schryer, Coordinator Inter-Arts

Doug Sigurdson, Head Visual Arts

Anne Valois, Head Dance

Communications

Joanne Larocque-Poirier, Acting Director*

Victoria Henry, Director Art Bank

Janet Riedel Pigott, Acting Head Endowments and Prizes

Pierre Pontbriand, Head Strategic Communications

Vincent Renaud, Head Digital Media and Creative Services

Finance and Administration

Robin Ghosh, Director*

Carole Boileau, Head Finance

Luc Charlebois, Head Financial Planning

Pierre Crispin, Manager Administrative Services

Daniel Plouffe, Head Information Management Services

Human Resources

Manon Dugal, Director*

*Members of the Executive Management Group

“The programs delivered by the Canada Council for the Arts are aligned with the priorities of Canadians.”

Management's Responsibility For Financial Reporting

The accompanying financial statements of the Canada Council for the Arts and all the information in this annual report are the responsibility of Management and have been approved by the Board

The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. The financial statements include amounts based on Management's best estimates as determined through experience and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council for the Arts maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the organization's assets are appropriately accounted for and safeguarded.

The Board is responsible for the management of the business and activities of the Canada Council for the Arts. In particular, they are responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. They exercise this responsibility through the Audit and Finance Committee, which is composed of members who are not employees of the Canada Council for the Arts. The Audit and Finance Committee meets with Management, the internal auditors and the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Canada Council for the Arts, and for issuing her report thereon.



Robert Sirman
Director and Chief Executive Office



Robin Ghosh, CA, CPA
Chief Financial Officer

May 28, 2010



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Canada Council for the Arts
and the Minister of Canadian Heritage and Official Languages

I have audited the balance sheet of the Canada Council for the Arts as at March 31, 2010 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act*, the *Canada Council for the Arts Act* and the by-laws of the Council.

Sylvain Ricard, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 28, 2010

Balance Sheet

as at March 31 (in thousands of dollars)

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,026	\$ 9,829
Accounts receivable	1,669	1,296
Prepaid expenses	217	605
Derivatives (Note 7)	3,761	10
	6,673	11,740
Investments (Note 8)	265,554	229,073
Works of art and musical instruments (Note 10)	20,710	20,165
Other capital assets (Note 11)	2,651	3,071
Total assets	\$ 295,588	\$ 264,049
Liabilities		
Current liabilities		
Grants payable	\$ 26,452	\$ 30,387
Accounts payable and accrued liabilities	2,971	3,227
Derivatives (Note 7)	13	96
Deferred parliamentary appropriations	37	43
	29,473	33,753
Deferred revenues	2,452	2,792
Employee future benefits (Note 12)	2,192	2,124
Total liabilities	34,117	38,669
Equity		
Contributed surplus (Note 13)	50,000	50,000
Retained earnings	12,715	13,317
Accumulated other comprehensive income (Note 14)	11,301	(24,847)
	24,016	(11,530)
Reserve from the capitalization of investment income	166,745	166,745
Reserve for investment in works of art and musical instruments	20,710	20,165
	187,455	186,910
Total equity	261,471	225,380
Total liabilities and equity	\$ 295,588	\$ 264,049

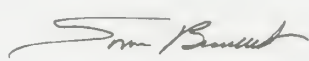
Contractual obligations and commitments (Note 18)

(The accompanying notes and schedules form an integral part of the financial statements)

On behalf of the Board:



Joseph L. Rotman
Chair



Simon Brault
Vice-Chair

Statement of Operations

for the year ended March 31 (in thousands of dollars)

	2010	2009
Revenues		
Net investment income (Note 15)	\$ 7,825	\$ 5,398
Net Art Bank revenue (Note 16)	404	395
Other revenues	2,855	2,457
Total revenues	11,084	8,250
Expenses		
Programs		
Grants (Schedule 1)	158,390	158,186
Administration (Schedule 2)	12,512	12,452
Services	5,726	5,404
	176,628	176,042
Canadian Commission for UNESCO (Note 16)	2,005	2,521
General administration (Schedule 2)	15,592	14,349
Total expenses	194,225	192,912
Net cost of operations before parliamentary appropriation	183,141	184,662
Parliamentary appropriation	183,122	182,242
Net results for the year	\$ (19)	\$ (2,420)

(The accompanying notes and schedules form an integral part of the financial statements)

Statement of Comprehensive Income

for the year ended March 31 (in thousands of dollars)

	2010	2009
Net results for the year	\$ (19)	\$ (2,420)
Other comprehensive income (loss)		
Available-for-sale financial assets		
Unrealized gains (losses) on unrestricted available-for-sale financial assets during the year	17,598	(58,167)
Reclassification to the statement of operations of realized losses in the year	8,525	811
Net change in unrealized gains (losses) in available-for-sale financial assets	26,123	(57,356)
Restricted contributions from non-owners		
Unrealized gains (losses) on contributions from non-owners during the year	6,518	(21,242)
Reclassification to the statement of operations of realized losses in the year	3,450	401
Donations from non-owners received during the year	1,287	-
Net investment income attributed to non-owners	1,621	537
Use of funds attributed to non-owners	(2,851)	(3,068)
Net change in unrealized gains (losses) in contributions from non-owners	10,025	(23,372)
Comprehensive income (loss) for the year	\$ 36,129	\$ (83,148)

(The accompanying notes and schedules form an integral part of the financial statements)

Statement of Changes in Equity
for the year ended March 31 (in thousands of dollars)

	2010	2009
Equity		
Contributed surplus (Note 13)	\$ 50,000	\$ 50,000
Retained earnings		
Balance at beginning of the year	13,317	13,796
Net results for the year	(19)	(2,420)
Appropriated from the reserve from the capitalization of investment income during the year	-	2,000
Appropriated to the reserve for the investment in works of art and musical instruments during the year	(583)	(59)
Balance at end of the year	12,715	13,317
Accumulated other comprehensive income (Note 14)		
Net unrealized losses from available-for-sale financial assets		
Balance at beginning of the year	(77,090)	(19,734)
Other comprehensive income (loss) for the year	26,123	(57,356)
Balance at end of the year	(50,967)	(77,090)
Restricted contributions from non-owners		
Balance at beginning of the year	52,243	75,615
Other comprehensive income (loss) for the year	10,025	(23,372)
Balance at end of the year	62,268	52,243
Total accumulated other comprehensive income (loss)	11,301	(24,847)
Total retained earnings and accumulated other comprehensive income (loss)	24,016	(11,530)
Reserves		
Reserve from the capitalization of investment income		
Balance at beginning of the year	166,745	168,745
Appropriated to retained earnings during the year	-	(2,000)
Balance at end of the year	166,745	166,745
Reserve for the investment in works of art and musical instruments		
Balance at beginning of the year	20,165	20,118
Net disposals during the year	(38)	(12)
Appropriated from retained earnings during the year	583	59
Balance at end of the year	20,710	20,165
Total reserves	187,455	186,910
Balance of equity at end of the year	\$ 261,471	\$ 225,380

(The accompanying notes and schedules form an integral part of the financial statements)

Statement of Cash Flows

for the year ended March 31 (in thousands of dollars)

	2010	2009
Operating Activities		
Net results for the year	\$ (19)	\$ (2,420)
Items not affecting cash and cash equivalents		
Income on contributions from non-owners capitalized	(1,230)	(2,531)
Losses from disposal of financial assets classified as available for sale	4,903	977
Impairment on available for sale financial instruments	6,549	-
Loss (gain) on foreign currency from disposal of financial assets classified as available for sale	13	(16)
Amortization - other capital assets	968	1,048
Employee future benefits	68	179
	11,252	(2,763)
Change in non-cash operating assets and liabilities (Note 17)	(8,356)	(9,431)
Cash provided by (used by) operating activities	2,896	(12,194)
Financing Activities		
Contributions received from non-owners	1,287	-
Investing Activities		
Purchases of investments	(43,917)	(55,664)
Sales of investments	32,061	60,594
Acquisition of other capital assets, works of art and musical instruments	(1,130)	(719)
Cash (used for) provided by investing activities	(12,986)	4,211
Decrease in cash and cash equivalents	(8,803)	(7,983)
Cash and cash equivalents at beginning of the year	9,829	17,812
Cash and cash equivalents at the end of the year	\$ 1,026	\$ 9,829
Represented by:		
Cash equivalents (Note 6)	\$ 4,501	\$ 8,199
(Bank overdraft) Cash	(3,475)	1,630
	\$ 1,026	\$ 9,829

(The accompanying notes and schedules form an integral part of the financial statements)

Notes to Financial Statements

March 31, 2010

1 Authority, Operations and Objectives

The Canada Council for the Arts (the "Council"), established by the *Canada Council Act* in 1957 and subsequently amended in 2001 by Bill C-40 to the *Canada Council for the Arts Act*, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with section 85(1.1) of the *Financial Administration Act*, the Council is exempt from Divisions I to IV of Part X of this Act, except for subsection 105(2) and sections 113.1 and 119 of Division II, sections 131 to 148 of Division III and section 154.01 of Division IV. The Council is a Crown corporation whose objectives are to foster and promote the study and enjoyment of, and the production of works in, the arts.

The Council achieves its objectives primarily through grant programs to professional Canadian artists and arts organizations. The Council incurs administration and services expenses in the delivery of programs. Program administration expenses are detailed in Schedule 2 and represent the direct costs of program delivery. Program services expenses mainly represent the costs associated with the adjudication of the Council's grants. General administration costs represent the costs related to corporate management, communications, human resources, information management, finance, accommodation and amortization.

The *Canada Council for the Arts Act* assigns the Council with the functions and duties for the Canadian Commission for UNESCO (the "Commission"). The Commission advises the Government of Canada on its relations with the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Commission also fosters co-operation between Canadian organizations in civil society and UNESCO.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Council adopted the changes made to the standards to enhance disclosure on fair value measurement of financial instruments and to liquidity risk as outlined in Note 3. The significant accounting policies of the Council are:

(A) Measurement uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Employee-related liabilities, the estimated useful lives of capital assets and the fair value of financial instruments are the most significant items where estimates are used. Actual results could differ from those estimated.

(B) Financial instruments

All financial instruments are initially measured at fair value. The following table identifies the Council's financial assets and liabilities and identifies how they are classified and subsequently measured.

Financial asset or liability	Basis of classification	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Derivatives	Held-for-trading	Fair value
Grants payable	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

(C) Cash equivalents

Cash equivalents represent short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents on the Council's balance sheet comprise units in a short-term pooled fund. Distributed income is recorded on an accrual basis and is recognized in the statement of operations under net investment income in the year in which it is earned.

(D) Derivatives

The Council does not apply hedge accounting to its derivatives. Derivatives are recognized at fair value on the balance sheet. Derivatives with a positive (negative) fair value are reported as assets (liabilities). All changes in the fair value of derivatives are recognized on the statement of operations under net investment income in the year in which they occur.

(E) Investments

Changes in the fair value of investments are recognized directly in other comprehensive income until the investment is derecognized, or until a loss is considered to be other than temporary, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net investment income on an average cost basis for the year. The investments may be sold in response to changes in the Council's liquidity requirements and to rebalance the asset mix to benchmarks stipulated in the Council's investment policy. Purchases of investments are recorded on the settlement date. All investment revenues are recorded in the statement of operations under net investment income. All management fees paid are expensed in the year.

(F) Other capital assets, works of art and musical instruments

Equipment and leasehold improvements are carried at cost less the accumulated amortization. Amortization is calculated using the straight-line method, over the estimated useful lives of the assets as follows:

Office equipment	5 years
Leasehold improvements	remaining term of the lease

Purchased works of art and musical instruments are capitalized at cost. Donated works of art and musical instruments are recorded at their fair value. No amortization is recorded on these assets.

Ⓔ Employee future benefits

I) Severance benefits

Employees are entitled to severance benefits, as provided for under conditions of employment and the collective agreement. The cost of these benefits is accrued as the employees render the services necessary to earn them. The liability is calculated based on management's best estimates and assumptions, on the employee's salary and number of years of service as at March 31. For employees who have attained the age of 50, with one year or more of continuous service, one week's salary is calculated for each completed year of continuous service up to a maximum of 28 weeks. For employees who have not attained the age of 50, with one or more years of service, one-half of one week's salary is calculated for each completed year of continuous service up to a maximum of 26 weeks. Term employees who have 12 consecutive months of continuous service are entitled to either two days pay for each completed year of continuous service or five days pay, whichever is greater. These benefits represent the only employment obligation of the Council that entails settlement by future payment.

II) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Council's contribution to the plan reflects the full cost as employer. The amount is currently based on a multiple of the employee's required contributions and may change over time depending on the experience of the Plan. These contributions are expensed during the year in which the services are rendered and represent the total pension obligations of the Council. The Council is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Ⓕ Reserves

I) Reserve from the capitalization of investment income

This reserve represents the sum of excess investment income since the establishment of the Council in 1957. In years when net investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the retained earnings to the reserve from the capitalization of investment income. In years when net investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. These transfers are approved by the Board.

II) Reserve for investment in works of art and musical instruments

This reserve represents a transfer from retained earnings to the reserve of an amount equal to the cost of works of art or musical instruments purchased or disposed or the original appraised value of works of art or musical instruments donated to, or disposed by, the Council.

Ⓖ Revenue recognition

I) Parliamentary appropriation

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriation for specific projects is deferred and recognized on the statement of operations in the year in which the related expenses are incurred. The parliamentary appropriation is mainly used for operations.

II) Contributions

The Council receives non-owner contributions that are externally restricted for specific purposes by the donors.

Externally restricted non-owner contributions, including realized and unrealized gains and losses for the associated externally restricted investment income, are recognized in other comprehensive income. The accumulated income from restricted non-owner contributions is reduced and recognized in the statement of operations under net investment income once the related expenses are incurred.

Unrestricted non-owner contributions are recognized as other revenue in the year received or in the year the funds are committed to the Council if the amount can be reasonably estimated and collection is reasonably assured.

In-kind contributions are recorded at their fair value when they are received.

III) Art Bank rental revenues

Revenues generated from the rental of works of art are recognized in the year in which services are provided. They are included in net Art Bank revenue.

IV) Other revenues

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years.

Ⓗ Grants

Grants are recorded as an expense in the year for which they are approved by the Board.

Ⓚ Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies and non-monetary assets carried at market are translated to Canadian dollars at the exchange rate in effect at the balance sheet. Revenue and expense items are translated at average exchange rates prevailing throughout the year. All exchange gains and losses are included in determining the net results for the year except for available-for-sale investments where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Ⓛ Operating leases

The Council enters into operating leases for its office accommodation. Lease inducements are recorded as a reduction to the office accommodation expense on a straight-line basis over the term of the lease.

Ⓜ Future accounting changes

In February 2008 the Canadian Accounting Standards Board announced that all publicly-accountable Canadian reporting entities will adopt International Financial Reporting Standards (IFRSs) as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011.

In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards of the PSA Handbook. This amendment eliminated the Government Business Type Organizations (GBTO) classification. Government organizations previously classified as GBTO are required to reclassify themselves in the Government Business Entity, Government Not-For-Profit Organization (GNPO) or Other Government Organization categories and adopt the applicable accounting standards for years on or after January 1, 2011.

The Council is currently evaluating its classification in accordance with the PSAB Introduction to the PSA Handbook and in CICA Section 4400 applicable to GNPOs.

3 Adoption of New Accounting Standards

3862 – Financial Instruments – Disclosures

The Council adopted the changes made by the CICA to Section 3862, Financial Instruments – Disclosures, to enhance disclosures about fair value measurements and about liquidity risk of financial instruments.

All financial instruments measured at fair value have to be classified in fair value hierarchy levels that reflect the significance of the inputs used in making the measurements.

Liquidity risk disclosure was enhanced with the inclusion of a maturity analysis for derivative and non-derivative financial liabilities.

As the changes to CICA Section 3862 relate solely to disclosure requirements, they do not have an impact on the Balance Sheet, Statement of Operations, Statement of Comprehensive Income, Statement of Changes in Equity or Statement of Cash Flows of the Council. The required disclosures are included in Notes 5 and 9.

3064 – Goodwill and Intangible Assets

In February 2008, the CICA issued a new accounting standard, Section 3064 – Goodwill and Intangible Assets, which replaces Section 3062 – Goodwill and Other Intangible Assets. The standard defines the recognition and measurement criteria for intangible assets and, in particular, for intangible assets that are internally generated. Section 3064 is effective for periods beginning on or after October 1, 2008.

The standard provides guidance for the recognition of intangible assets including computer software that is not an integral part of the related hardware. The implementation of this new section did not have any impact on the Council's financial statements.

4 Capital Management

The Council's capital consists of Restricted contributions from non-owners, Contributed Surplus (see Note 13), a Reserve from the capitalization of investment income (see Note 2(h)i), a Reserve for investment in works of art and musical instruments (see Note 2(h)ii)) and Retained Earnings.

The Council's objective when managing capital is to safeguard the Council's ability to continue its mandate (as described in Note 1). In order to meet its capital management objectives, the Council invests in a diversified portfolio.

There have been no changes to the way Council manages its capital from the previous year.

Restricted contributions from non-owners

The contributions from non-owners consist of contributions received or receivables by way of bequest and donation that have been restricted for specific purposes by the donors, the proportionate share of unrealized and/or recognized gains or losses on the associated investments and unspent restricted income earned on the associated investments.

The original contribution principal from non-owners received up to March 31, 2010 is \$38,758,000 (2009 - \$37,471,000). Each contribution received is included with the Council's investment portfolio and a proportionate share of that contribution is calculated based upon the fair value of the investment portfolio at the time it was received. The Council manages the contributions as stipulated in the trust documents. The Council has complied with the requirements of these external contributions.

5 Financial Instruments

A Summary of financial instruments

At March 31, 2010, the classification of the Council's financial instruments, as well as their carrying amounts and fair values are as follows:

(in thousands of dollars)		2010	2009
Financial assets and liabilities	Classification	Carrying Amount and Fair Value (\$)	Carrying Amount and Fair Value (\$)
Cash and cash equivalents	Held for trading	1,026	9,829
Accounts receivable	Loans and receivables	1,669	1,296
Derivatives net	Held for trading	3,748	(86)
Investments ¹	Available for sale	265,554	229,073
Grants payable	Other liabilities	26,452	30,387
Accounts payable and accrued liabilities	Other liabilities	2,971	3,227

¹ The detailed fair value for the investments is listed in Note 8

B Risk management

The Council is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (price risk, interest rate risk and currency risk). The long term goal of the Council's investment policy is to produce long term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital. This policy allows the use of certain derivative financial instruments.

In order to manage risk, the Council invests in a diversified portfolio that is managed by professional investment managers. The Council's investments are guided by a Statement of Investment Policies and Goals which is approved by the Board and reviewed on an annual basis. The Council is assisted in the oversight and management of its portfolio by an Investment Committee that includes independent experts with experience in both the investment field and the asset classes being invested in. In addition, the Council uses the services of an independent investment consultant to assist the investment Committee in its work. As the investment markets continue to evolve, the Investment Committee recommends adjustments to the asset mix to minimize the overall risk of the portfolio.

i) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

At the balance sheet date, financial assets exposed to credit risk include investments, accounts receivable and derivatives. The carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

Through its investments in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund, the Council is indirectly exposed to the credit risk of the underlying investments of those funds. These risks are managed at the investment manager level. Their objectives are to invest in high quality financial instruments with creditworthy counterparties, by limiting the amount that can be invested in any one counterparty and by using other limits set out in the Council's investment policy.

The majority of the Council's accounts receivables are due from the Government of Canada and, as such, have low credit risk. The Council mitigates credit risk through monitoring of the outstanding balances. As at March 31, 2010, there were no significant amounts past due.

The credit risks on derivatives are managed by contracting only with creditworthy counterparties that must satisfy two out of the three following

ratings from external credit rating agencies: A3 for Moody's, A- for Standard & Poor's or A- for Fitch/IBCA.

II) Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due.

The Council receives most of its revenue by way of parliamentary appropriation from the Government of Canada. That revenue is temporarily invested in the short-term pooled fund until it is required.

The objectives of the Council with respect to the management of liquidity is to ensure that the capital value of its short-term pooled funds is preserved, that the investments are sufficiently liquid and that investment income is distributed in cash when possible.

The liquidity available from the short-term funds and investments ensures that the Council is able to meet its obligations and commitments. The majority of the investment portfolio can be redeemed within three days. As well, the permitted and prohibited investments are governed by Board-approved short-term and long-term investment policies which ensure that the liquidity risk is minimized.

The following table presents a maturity analysis for the Council's financial assets and liabilities.

as at March 31, 2010

(in thousands of dollars)	Total	No fixed maturity	2011	2012	2013
Financial Assets					
Cash and cash equivalents	1,026	-	1,026	-	-
Accounts receivable	1,669	-	1,663	6	-
Derivatives	3,761	-	3,761	-	-
Investments	265,554	265,554	-	-	-
	272,010	265,554	6,450	6	-
Financial Liabilities					
Grants payable	26,452	-	18,653	6,024	1,775
Accounts payable and accrued liabilities	2,971	-	2,971	-	-
Derivatives	13	-	13	-	-
	29,436	-	21,637	6,024	1,775

In the table above, investments are assets with no fixed maturity. Council has an Investment Policy that enables it to withdraw amounts, during the year, from its investment portfolio valued up to 4.5% of the previous three-year average market value using balances at September 30, if needed.

III) Market Risks

The Council's activities are primarily exposed to price risk, interest rate risk and currency risk.

The investment managers' directives are to manage the Council's market risks on a daily basis in accordance with the Council's policies. The Council's overall market positions are monitored on a quarterly basis by the Board of Directors and the Investment Committee.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Council is exposed to market price risk arising from its investments in units of equity and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund.

Price sensitivity

The following details the Council's portfolio sensitivity to a 10% (2009 - 10.1%) increase or decrease in the market prices, with 10% (2009 - 10.1%) being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of a reasonably possible change in market prices. The sensitivity rate is determined using the historical standard deviation for the total fund as determined by the investment advisor.

At 31 March 2010, if market prices had a 10% (2009 - 10.1%) increase or decrease with all other variables held constant, the increase or decrease in accumulated other comprehensive income for the year would have been \$26,750,000 (2009 - \$24,046,000) due to the increase or decrease in the fair value of available for sale financial assets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure of the Council arises from its interest bearing assets. The Council's cash includes amounts on deposit with a financial institution that earn interest at market rates. The objective of the Council is to manage its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds, while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Council's results of operations.

The Council's investments in short-term pooled funds, fixed income pooled fund and alternative pooled funds are indirectly affected by movements in their fair value as a result of fluctuations in market interest rates. The impact of the fluctuation cannot be assessed since Council holds units of pooled funds and not the underlying assets.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the balance sheet date, the Council's only monetary financial instruments exposed to foreign currency were the derivatives liability valued at \$13,000 (2009 - derivatives asset of \$10,000) and no exposure (2009 - \$136,000) in cash equivalents. Given the small size of the foreign currency exposure compared with the total assets of the Council, currency risk is not considered material.

6 Cash Equivalents

The Council invests in a short-term pooled fund managed by State Street Global Advisors (2009: TD Asset Management Inc.). All instruments held in the pooled funds are rated R1 (low) or A (low) or better as rated by a recognized bond rating agency. These funds are comprised of securities issued by different levels of government, chartered banks and corporate issuers. Except for instruments guaranteed by all levels of government, no more than 10% of the short-term portfolio is invested with any one issuer.

The pooled fund is the temporary investment of the Council's excess daily cash requirements which had a balance of \$4,501,000 (2009 - \$8,199,000). For the year ended March 31, 2010, this fund earned a return of 0.25% (2009 - 2.4%) and the underlying investments had an average weighted term to maturity of 19 days (2009 - 51 days).

7 Derivatives

The use of derivatives has been limited to foreign currency forward contracts. The Council currently uses foreign currency forward contracts that represent commitments to purchase or sell foreign currencies for delivery at a specific date in the future at a fixed rate to manage its foreign currency exchange risk. These contracts are typically for a one-month period.

During the year, the Council entered into foreign currency forward contracts to manage half of its exposure to foreign currency exchange risk on the non Canadian dollar denominated portion of its investments portfolio, except for the emerging market component which was unhedged and represented approximately 2.7% (2009 - 3.2%) of the investment portfolio.

Foreign currency forward contracts have notional amounts that serve as points of reference for calculating payments and are not the actual amounts that are exchanged. These amounts are not recorded on the balance sheet, as they do not represent their fair value. At March 31, 2010, the Council held foreign currency forward contracts, for settlement May 6, 2010, with a total notional amount of \$63,909,000 (2009 - \$62,577,000).

Currency	Forward rate	Notional Amount ¹
US dollar	0.986	33,694
Euro	0.728	15,870
United Kingdom Pound sterling	0.65	7,145
Japanese yen	92.075	3,392
Others	4.016	3,808

¹ The notional amount, expressed in thousands of dollars, represents 50% of the Council's exposure to those currencies as per its hedging strategy.

The fair value of outstanding foreign exchange forward contracts represents a liability of \$13,000 (2009 - asset of \$10,000) and reflects the potential loss if settlement were to take place on March 31, 2010. The derivative asset consists of an unrealized gain of \$3,761,000 (2009 - unrealized loss of \$96,000) on foreign currency forward contracts that matured on March 31, 2010, but only settled on April 7, 2010. The net investment income includes a net foreign currency gain for the year of \$12,614,000 (2009 - loss of \$5,471,000).

8 Investments

	2010					2009		
	Cost	Unrealized losses	Unrealized gains	Fair value		Cost	Fair value	
(in thousands of dollars)	\$	\$	\$	\$	%	\$	\$	%
Canada Council Endowment and Special Funds								
Pooled funds								
Equity	149,358	53,019	-	96,339	45.5	164,882	85,399	46.8
Fixed income	52,181	1,983	-	50,198	23.7	52,180	49,809	27.3
Alternatives	26,622	634	850	26,838	12.7	26,622	26,012	14.3
Money market	26,135	-	-	26,135	12.4	8,946	8,946	4.9
Real estate	6,027	364	101	5,764	2.7	10,311	8,985	4.9
Infrastructure	6,525	200	-	6,325	3.0	3,257	3,329	1.8
	266,848	56,200	951	211,599	100.0	266,198	182,480	100.0
Klam Funds								
Pooled funds								
Equity	39,930	15,034	-	24,896	46.1	44,228	22,072	47.4
Fixed income	13,183	517	-	12,666	23.5	13,182	12,567	27.0
Alternatives	6,831	163	216	6,884	12.8	6,831	6,676	14.3
Money market	6,049	-	-	6,049	11.2	1,942	1,942	4.2
Real estate	1,561	95	26	1,492	2.8	2,647	2,300	4.9
Infrastructure	2,030	62	-	1,968	3.6	1,013	1,036	2.2
	69,584	15,871	242	53,955	100.0	69,843	46,593	100.0
Total investments	\$ 336,432	\$ 72,071	\$ 1,193	\$ 265,554		\$ 336,041	229,073	

Unrealized losses on investments are primarily due to the timing of the market prices, foreign exchange movements, or the early years in the business cycle for some investments. The Council does not consider these investments to be other-than-temporarily impaired as at March 31, 2010, except for the US real estate pooled fund mentioned in Note 15.

The long-term objectives of the Canada Council Endowment and Special Funds and the Killam Funds are to generate long-term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital.

The Council invests in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund. The permitted and prohibited investments as well as the asset mix are governed by a Board approved investment policy. All of the investments are managed by professional investment managers.

The Council manages its portfolio to the following benchmarks adopted by the Board in December 2009. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset Classes	Actual market value	Minimum	Benchmark	Maximum
Canadian equities	0%	0%	5%	7%
Global equities	46%	30%	40%	50%
Canadian fixed income	24%	25%	35%	40%
Alternatives	13%	5%	10%	15%
Real estate	3%	0%	5%	7%
Infrastructure	3%	0%	5%	7%
Money market	11%	0%	0%	15%

The asset mix policy was adjusted in December 2009 and at March 31, 2010 the Council had not completed re-balancing of the portfolio. The Council's Statement of Investment Policies and Goals allows for a grace period of six months for the rebalancing of the asset classes to the benchmark.

The money market asset class includes short-term pooled funds used for capital committed to future investment in limited partnership units of real estate and infrastructure funds and re-balancing to fixed income asset class. These funds had a balance of \$32,184,000 (2009 - \$10,888,000). For the year ended March 31, 2010, these funds earned a return of 0.25% (2009 - 2.4%) and the underlying investments had an average weighted term to maturity of 19 days (2009 - 51 days).

Investments in the equity pooled funds are comprised of units of two pooled funds both of which are invested in the global equity markets. The global equities are measured against the returns of the Morgan Stanley Capital International World Hedge Index. Investments in the fixed income pooled fund are comprised of Canadian Government and corporate bonds with a minimum credit quality of BBB or equivalent rated by a recognized bond rating agency. The fixed income fund is intended to replicate the returns of the DEX Universe Bond Index. Investments in the alternative pooled funds are comprised of units of two hedge funds with diversified positions across global asset classes. These investments are measured against the returns of the Scotia Capital 91-day T-bill plus 20%. The assets included in the real estate funds are commercial real estate properties in Canada and the United States. These investments are measured against the returns of the Investment Property Databank for the Canadian managers and the National Council of Real Estate Investment Fiduciaries (NCREIF) for the US manager. The infrastructure fund includes a portfolio of diversified infrastructure investments. These investments are measured against the Consumer Price Index plus 4.5%.

9 Fair Value

A Establishing fair value

The carrying value of cash, accounts receivable, grants payable and accounts payable and accrued liabilities approximates their fair values due to their short-term maturity.

The fair value of derivative instruments is calculated using supportable observable market inputs including the current market spot and the forward exchange rates at year end (see Note 7).

The fair values of the investments are determined as follows:

Pooled fund investments are valued at the unit values supplied by the pooled fund managers, which represent the Council's proportionate share of the underlying net assets at fair values, determined using closing market prices (Level 2).

Real estate investment values are supplied by the fund managers using independently audited appraisals which are based on a valuation model with non-observable data. The independently audited appraisals are obtained annually (Level 3).

Infrastructure investment values are supplied by the fund managers using internally audited appraisals which are reviewed annually by the fund's auditors as part of the annual fiscal year end audit of the fund. The appraisals are based on a valuation model with non-observable data (Level 3).

B Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Balance Sheet, classified using the fair value hierarchy described above:

Financial assets at fair value

as at March 31, 2010

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
Held-For-Trading Financial Assets				
Bank overdraft	(3,475)	-	-	(3,475)
Cash equivalents	-	4,501	-	4,501
Foreign currency forward contracts	3,761	-	-	3,761
	286	4,501	-	4,787
Available-for-Sale Financial Assets				
Canada Council Endowment and Special Funds				
Pooled Funds				
Equity	-	96,339	-	96,339
Fixed Income	-	50,198	-	50,198
Alternatives	-	-	26,838	26,838
Money Market	-	26,135	-	26,135
Real Estate	-	-	5,764	5,764
Infrastructure	-	-	6,325	6,325
Killam Funds				
Pooled Funds				
Equity	-	24,896	-	24,896
Fixed Income	-	12,666	-	12,666
Alternatives	-	-	6,884	6,884
Money Market	-	6,049	-	6,049
Real Estate	-	-	1,492	1,492
Infrastructure	-	-	1,968	1,968
	-	216,283	49,271	265,554
Total	286	220,784	49,271	270,341

Financial liabilities at fair value

as at March 31, 2010

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
Held-For-Trading Financial Liabilities				
Foreign currency forward contracts	13	-	-	13
Total	13	-	-	13

During the year, there were no significant transfers of amounts between Level 1 and 2.

The following tables reconcile the changes in fair value of financial instruments classified as Level 3 during the year:

(in thousands of dollars)	Available-for-sale			Total
	Alternative funds	Real Estate funds	Infrastructure funds	
Canada Council Endowment and Special Funds				
Opening balance	26,012	8,985	3,329	38,326
Total gains or losses - recognized in other comprehensive income	826	1,063	(273)	1,616
Purchases	-	926	3,273	4,199
Issues	-	-	-	-
Settlements	-	-	(4)	(4)
Impairment	-	(5,210)	-	(5,210)
Transfers in/out of level 3	-	-	-	-
Closing balance	26,838	5,764	6,325	38,927
Killam Funds				
Opening balance	6,676	2,300	1,036	10,012
Total gains or losses - recognized in other comprehensive income	208	278	(85)	401
Purchases	-	253	1,018	1,271
Issues	-	-	-	-
Settlements	-	-	(1)	(1)
Impairment	-	(1,339)	-	(1,339)
Transfers in/out of level 3	-	-	-	-
Closing balance	6,884	1,492	1,968	10,344

The Council's valuation of Level 3 Investments was based on its assessment of the prevailing conditions at March 31, 2010, which may change materially in subsequent periods. The most significant factor which may have an impact on the future value of these assets is the market price. If market prices had a 16% increase or decrease with all other variables held constant, the increase or decrease on the future value of these assets would be approximately \$8,000,000 in accumulated other comprehensive income.

10 Works of Art and Musical Instruments

(in thousands of dollars)	2010	2009
Works of Art	\$ 19,162	\$ 18,617
Musical Instruments	1,548	1,548
	\$ 20,710	\$ 20,165

The Council's Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes over 17,500 paintings, sculptures, drawings, photographs and prints by over 3,103 artists. The Art Bank rents art works to interested parties and presently has over 5,900 (2009 - 6,400) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Council created the Musical Instrument Bank in 1985, and it presently owns a fine cello bow and five quality musical instruments. In addition, the Council manages ten instruments on loan, nine from anonymous donors and one from another donor.

Agreements are signed with the organizations that rent the works of art and with the individuals to whom the instruments are loaned. Those agreements include clauses that stipulate how the works of art or musical instruments are to be handled in order to safeguard them. The Council insures the works of art and the musical instruments for their fair value.

11 Other Capital Assets

	2010		2009	
(in thousands of dollars)	Cost	Accumulated amortization	Net book Value	Net book value
Office equipment	\$ 6,290	\$ 5,280	\$ 1,010	\$ 1,006
Leasehold improvements	5,365	3,724	1,641	2,065
	\$ 11,655	\$ 9,004	\$ 2,651	\$ 3,071

12 Employee Future Benefits

i) Severance benefits

The Council provides severance benefits to its employees based on years of service and final salary. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue. Information about the plan benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2010	2009
Accrued benefit obligation, beginning of year	\$ 2,124	\$ 1,945
Cost for the year	286	290
Benefits paid during the year	(218)	(111)
Accrued benefit obligation, end of year	\$ 2,192	\$ 2,124

ii) Pension benefits

The Council and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Council's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2010	2009
Employer's contributions	\$ 2,063	\$ 1,882
Employees' contributions	\$ 1,029	\$ 924

13 Contributed Surplus

Contributed surplus represents the original contribution by the Government of Canada of \$50 million, which constituted an Endowment Fund when the Council was established in 1957.

14 Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains or losses on available-for-sale investments and restricted contributions from non-owners.

The restricted contributions from non-owners are included with the Council's investment portfolio, and a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time the contribution was received. The proportionate share for each restricted contribution of the unrealized gains or losses from the revaluation to fair value of the Council's investment portfolio as at March 31, net of the reclassifications to income of realized gains or losses in the year, is recognized in other comprehensive income as non-owner contributions.

15 Net Investment Income

(in thousands of dollars)	2010	2009
Losses from disposal of financial assets classified as available-for-sale	\$ (4,903)	\$ (977)
Impairment on available-for-sale financial instruments ¹	(6,549)	-
(Losses) gains on foreign currency from disposal of financial assets classified as available-for-sale	(13)	16
Net foreign currency gain (loss) on financial assets and liabilities classified as held-for-trading	12,614	(5,471)
Interest and dividend income from financial assets classified as available-for-sale	6,859	10,847
Interest income from financial assets designated as held-for-trading	12	40
Income attributable to contributions from non-owners	1,230	2,531
Investment portfolio management costs	(1,425)	(1,588)
	\$ 7,825	\$ 5,398

During the year, the Council recognized an impairment in the value of its interest in a US real estate pooled fund of \$6.5 million as the loss in value was considered other than temporary.

The financial markets in which the Council invests are quite diversified, and investment income can fluctuate year over year. In years where investment income exceeds expectations, the Council reinvests excess income in order to maintain the purchasing power of the fund and to ensure its continued growth. This approach brings stability and long-term growth, so that, in years where income is not as favourable, previous years' income represented by reserve from the capitalization of investment income, a component of equity, can be utilized.

16 Net Art Bank Revenue and Canadian Commission for UNESCO

(in thousands of dollars)	2010	2009
Net Art Bank Revenue		
Rental revenue	\$ 2,106	\$ 2,142
Other income	267	178
Administration expense	(1,949)	(1,776)
Amortization of other capital assets	(20)	(149)
Net Art Bank Revenue	\$ 404	\$ 395
Canadian Commission for UNESCO		
Program expenses	\$ 608	\$ 1,284
Program - contributions received	(40)	(238)
Administration expense	1,437	1,475
Canadian Commission for UNESCO expenses	\$ 2,005	\$ 2,521

Program expenses represent mainly the costs associated with the Commission's activities at national and international meetings related to education, science and culture. These costs are offset by contributions received from other organizations partnering with the Commission on these activities. Administration expenses represent the direct costs of delivering the Commission's programs.

17 Change in Non-cash Operating Assets and Liabilities

(in thousands of dollars)	2010	2009
(Increase) decrease in accounts receivable	\$ (373)	\$ 123
(Increase) decrease in derivatives - assets	(3,751)	124
Decrease (increase) in prepaid expenses	388	(75)
Decrease in grants payable	(3,935)	(4,189)
(Decrease) increase in accounts payable and accrued liabilities	(256)	289
Decrease in derivatives - liabilities	(83)	(5,410)
Decrease in deferred revenues	(340)	(165)
Decrease in deferred parliamentary appropriations	(6)	(128)
Net cash used by non-cash operating assets and liabilities	\$ (8,356)	\$ (9,431)

As at March 31, the Council recorded the following amounts on the balance sheet for transactions with related parties:

(in thousands of dollars)	2010	2009
Accounts receivable	\$ 627	\$ 684
Grants payable	60	110
Accounts payable and accrued liabilities	7	41
Deferred revenues	774	850

20 Comparative Figures

Certain 2009 figures have been reclassified to conform to the presentation adopted in 2010.

18 Contractual Obligations and Commitments

(a) Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants commitments approved prior to March 31, 2010 are as follows:

(in thousands of dollars)	
2011	\$ 57,552
2012	18,395
2013	15,936

(b) The Council is party to long-term operating leases with respect to rental accommodation. The net minimum annual rental is as follows:

2011	\$ 4,403
2012	4,403
2013	4,403
2014	3,440
2015	361
2016 - 2020	1,850
Total	\$ 18,860

(c) The Council has signed agreements with real estate and infrastructure investment managers and committed capital in limited partnership funds. Because it takes time for those funds to be fully invested, the balance of committed capital not yet drawn at March 31, 2010 is \$9,300,000. The outstanding balance of committed capital is currently invested in short term pooled funds.

19 Related Party Transactions

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with related parties in the normal course of business on normal trade terms applicable to all individuals and enterprises, and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Council incurred grant expenses totaling \$145,000 (2009 - \$130,000) and recorded rental revenues of works of art, contributions and other revenues totaling \$1,871,000 (2009 - \$2,132,000) with related parties.

Schedule 1

Grant Expenses by Section

for the year ended March 31 (in thousands of dollars)

	2010	2009
Arts Programs		
Music	\$ 29,474	\$ 29,633
Theatre	26,540	26,852
Writing and Publishing	24,597	23,750
Visual Arts	21,273	21,054
Dance	18,308	18,766
Media Arts	14,304	14,244
Public Lending Right Commission	9,963	9,954
Inter-Arts	2,522	3,187
Audience and Market Development	2,189	1,997
Alberta Creative Development	2,163	1,907
Aboriginal Arts	1,747	894
Equity	1,417	1,683
Other	1,595	1,699
Killam Program		
Killam Research Fellowships	1,190	1,330
Killam Prizes	500	500
Other Prizes and Awards		
Victor Martyn Lynch-Staunton Awards	105	105
Molson Prizes	100	100
John G. Diefenbaker Award	75	75
Walter Carsen Prize	50	50
Other prizes and awards < \$50,000	278	406
	\$ 158,390	\$ 158,186

Schedule 2

Administration Expenses

for the year ended March 31 (in thousands of dollars)

			2010	2009
	Programs	General		
		Administration	Total	Total
Salaries	\$ 8,635	\$ 6,093	\$ 14,728	\$ 13,895
Employee benefits	2,312	1,593	3,905	3,794
Office accommodation	33	3,790	3,823	3,419
Professional and special services	542	1,346	1,888	1,747
Staff travel	680	222	902	1,007
Amortization	-	948	948	899
Printing, publications and duplicating	36	427	463	617
Communications	143	294	437	454
Information management	-	399	399	370
Meeting expenses including members' honoraria	110	191	301	267
Office expenses and equipment	3	265	268	300
Miscellaneous	18	24	42	32
	\$ 12,512	\$ 15,592	\$ 28,104	\$ 26,801

Index on the Arts

\$22,700

average annual income of
an artist; national average is
\$36,300 (2006 census data)

609,000

people employed in the arts
and culture sector (Statistics
Canada 2006)

**\$45.1
billion**

impact of arts and culture
on the Canadian economy
(Statistics Canada 2008)

652

communities (Canadian/
international) in which art-
ists and arts organizations
were funded by the Canada
Council (2009-10)

23%

increase in the number
of artists 1996-2006
(census data)

0.08%

Canada Council budget as
percentage of total federal
government spending
(2008-09)

\$5.43

annual cost of the Canada
Council per Canadian
(2009-10)

**\$158.4
million**

Canada Council direct
investment in the arts
(2009-10)

86%

percentage of Canadians
who attended at least one
type of arts or cultural event
or activity in the past year
(Canadian Heritage 2007)

90%

percentage of Canadians who
feel that live performance
spaces in their communities
contribute to their quality of
life (Canadian Heritage 2007)

100-100000

Fli

**Rapport annuel
2009-2010**

The Canada Council for the Arts has printed separate English- and French-language versions of its 2009-10 Annual Report in order to save paper and reduce our impact on the environment. Both language versions are available either at canadacouncil.ca or by contacting us (see addresses opposite).

Le Conseil des Arts du Canada a imprimé séparément les versions anglaise et française de son Rapport annuel 2009-2010 afin d'économiser une quantité importante de papier et de réduire son incidence sur l'environnement. Il est possible de consulter les deux versions du rapport à conseildesarts.ca ou de les commander en nous écrivant (voir adresses page suivante).



CONSEIL DES ARTS DU CANADA

MOORE, AL
WITTEKOPSE
CONSTANTIN
BERTAND
SAINT-PATRICE-DE-BEAUFORT
SCARF, BOUGH
SAINT-BERNARD
WILBY
QUINCY, ARLOTTE
DECH
SAINT-HIRNÉE
BELLEVILLE
MELHARA
WELMCANT
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du Canada

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for the Arts

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Mandat

Créé en 1957, en vertu d'une loi du Parlement, le Conseil des Arts du Canada est une société d'État fédérale qui a pour rôle de « favoriser et de promouvoir l'étude et la diffusion des arts, ainsi que la production d'œuvres d'art ».

Le Conseil offre une large gamme de subventions (6 200 en 2009-2010) et de services aux artistes et aux organismes artistiques professionnels canadiens œuvrant en musique, en théâtre, en lettres, en édition, en arts visuels, en danse, en arts médiatiques et en arts intégrés. Par ses activités de communications, de recherche et de promotion des arts, il contribue également à accroître l'intérêt du public aux arts.

Le Conseil décerne annuellement des prix et des bourses à environ 200 artistes et chercheurs. La Commission canadienne pour l'UNESCO et la Commission du droit de prêt public sont placées sous son égide. La Banque d'œuvres d'art du Conseil, qui compte environ 17 500 œuvres d'art contemporain canadien, loue ses œuvres à des organismes des secteurs public et privé.

Le Conseil des Arts est dirigé par un conseil d'administration composé de 11 membres. Le gouverneur en conseil nomme le président, le directeur et les membres du conseil d'administration pour des mandats d'une durée déterminée. Le Conseil tient compte de l'avis des artistes et des professionnels des arts de toutes les régions du pays (environ 750 d'entre eux siègent annuellement aux différents jurys ou comités de pairs) et collabore étroitement avec les ministères et organismes des milieux artistiques et culturels fédéraux, provinciaux, territoriaux et municipaux. Il rend compte de son activité au Parlement par l'entremise du ministre du Patrimoine canadien; ses états financiers sont vérifiés par le vérificateur général du Canada. Au crédit parlementaire que le Conseil reçoit annuellement s'ajoutent les revenus de dotations, les dons et les legs.

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JOSEPH L. ROTMAN

L'énergie créatrice des professionnels du domaine des arts contribue de façon importante à la qualité de vie de l'ensemble des Canadiennes et des Canadiens.



Message du président

C'est la part de l'histoire que nous, artistes, nous sommes en mesure d'offrir au Canada. C'est en tant qu'artistes que nous sommes en mesure de percevoir d'illustrer et d'interpréter les préoccupations changeantes de notre société. L'exceptionnelle vigueur artistique du pays a été reconnue, au cours de la dernière année, par les nombreux succès de notre art et de nos artistes qui se sont produits sur la scène internationale.

Tout au long de l'année, le Conseil des Arts du Canada a continué à jouer un rôle de leader en déployant sa totale capacité d'innovation, d'adaptation et de flexibilité. Les programmes de financement ont été adaptés à la situation économique et financière du pays.

La capacité d'adaptation s'est montrée au cours de l'année dans beaucoup de domaines dont le plus important est celui de la capacité de maintenir le niveau actuel de notre programmation. À l'exception de quelques dépenses liées à la stabilité financière de l'organisme, les dépenses ont été limitées au déclin des marchés publics et de la perte de valeur de la monnaie canadienne. Bien que les artistes et les œuvres qu'ils représentent participent à la vie culturelle et artistique du pays, elles les assurent d'un niveau de stabilité financière particulièrement important dans la situation économique actuelle.

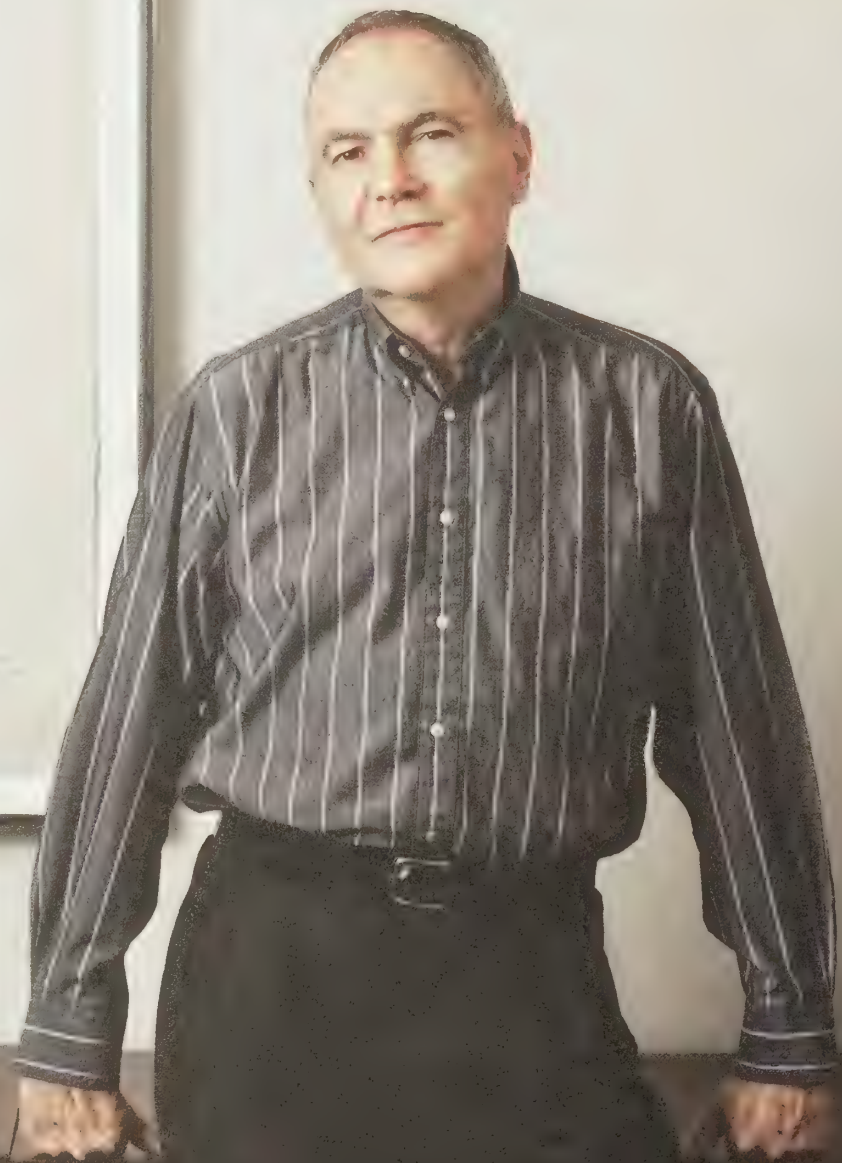
Le renouvellement (2010) aura permis de revigorer l'administration du Conseil. Le renouvellement du mandat du vice-président, Simon Brault, pour une période supplémentaire de cinq ans, nous réjouit particulièrement. D'ailleurs, nous le félicitons pour la parution de son essai intitulé *Le Facteur C* qui souligne l'importance des arts et de la culture dans la formation des citoyens de la province de l'Ontario et de la communauté internationale. Le renouvellement du mandat du directeur exécutif, Robert Sirman, pour une période supplémentaire de quatre ans, nous réjouit également. Le renouvellement du mandat pour quatre années supplémentaires de Robert Sirman, directeur et chef de la direction, constitue un gage certain de stabilité et une confirmation de l'efficacité de la gestion du Conseil.

Toutes les activités et programmes de programmation du domaine des arts visuels, de la musique, du théâtre, de la danse, de la littérature et de la culture ont été maintenus. Les artistes du Canada et des Canadiennes et des Canadiens. Le Conseil n'aurait aucune raison d'être. Je leur témoigne toute ma gratitude.

Je suis sûr que la lecture de ce rapport annuel vous informera sur l'ampleur de la tâche que le Conseil des Arts du Canada a accomplie et sur l'inventivité et de la diversité de la programmation.

ROBERT SIRMAN

Grâce à ses travaux, le
Conseil permet à l'ensemble
de la population de participer
à la vie culturelle de la nation.



Message du directeur

« Nos rapports annuels nous donnent l'occasion d'évaluer notre rendement : comment nous portons-nous ? Comment le travail du Conseil profite-t-il aux Canadiennes et aux Canadiens ? Que leur apportons-nous ? »

Certains indicateurs sont résolument positifs. Dans le budget posé budgétaire de mars 2010, le gouvernement a souligné qu'un examen stratégique de nos programmes a démontré que nos programmes « correspondent aux priorités des Canadiennes et des Canadiens ». Et comme l'indiquent les « Tableaux des résultats » inclus dans ce rapport, le Conseil a atteint la plupart de ses objectifs stratégiques.

Toutefois, au sein large, il nous faut encore répondre à plusieurs questions. Partout dans le monde – et non seulement au Canada –, les bailleurs de fonds doivent relever le défi d'évaluer les retombées de l'investissement de fonds publics dans les arts.

Au cours des dernières années, le Conseil a porté une grande partie de son attention au contexte entourant le fonctionnement des arts. Nous avons qualifié ce contexte d'écosystème artistique et abordé le besoin d'obtenir un meilleur portrait de cet écosystème. Nous tâchons d'aller au-delà des frontières de la pratique professionnelle afin de sensibiliser la population à la façon dont les arts enrichissent la vie de tous, et non seulement de celles et de ceux qui fréquentent les salles de concert ou les galeries d'art.

L'une des raisons pour lesquelles nous entreprenons ce travail est de constater que, contrairement à d'autres secteurs dotés d'une histoire de financement public, le domaine des arts ne reçoit pas les mêmes soins de santé, par exemple, a réalisé de nombreuses recherches sur les gouvernements, jusque-là certaines sur les services sociaux tels que ceux offerts en centre hospitalier, se sont penchés sur les déterminants sociaux de la santé – la saine alimentation, la pratique régulière de l'activité physique, la réduction de la pauvreté, la connaissance des facteurs de risque et le logement adéquat. Bien sûr, les centres hospitaliers continuent de jouer un rôle clé à titre de composante la plus spécialisée et la plus coûteuse du système de prestation de soins de santé. Mais le fardeau de la responsabilité en matière de santé est radicalement passé des mains des spécialistes à celles du patient.

Pour cette raison, le Conseil est enchanté d'être l'un des partenaires cofondateurs de la Fête de la culture, une célébration interactive et gratuite des arts et de la culture, qui aura lieu dans tout le Canada pour la première fois à l'automne 2010. La Fête est une excellente occasion d'accroître la sensibilisation et l'engagement du public envers les arts, à l'image de ce qu'accomplit le programme ParticipACTION pour la forme physique. Il ne s'agit que d'un début, mais son potentiel à transformer la vie des Canadiens – ainsi que le contexte de fonctionnement du Conseil – est considérable.

Le Conseil a une équipe dédiée à la promotion et au développement de nos programmes, mais nous posons également les arts et la culture comme un moteur de l'innovation et de l'invention. Grâce à ses travaux, le Conseil s'efforce de renforcer l'infrastructure qui soutient les normes les plus élevées de la pratique artistique professionnelle, et de permettre à la population de participer à la vie culturelle et artistique.

Toutefois, notre mission ne sera réalisée que lorsque tous auront reconnu l'engagement culturel comme partie intégrante d'une vie équilibrée, au même titre que l'activité physique et la saine alimentation, et ce, de façon continue et non un seul week-end par année.

Commentaires et analyse de la direction

Cap sur l'avenir 2008-2011

En 2007, le Conseil des Arts du Canada a préparé son plan stratégique actuel, *Cap sur l'avenir 2008-2011*, à la suite de la plus importante consultation de son histoire. Ce plan soulignait les valeurs qui sous-tendent le travail du Conseil et précisait cinq orientations devant guider ce dernier au cours des trois prochaines années.

En février 2008, le Conseil a publié un plan d'action qui portait essentiellement sur la mise en œuvre des cinq orientations de son plan stratégique. Ce plan abordait également les nouveaux fonds de 30 millions de dollars ajoutés aux crédits parlementaires du Conseil¹.

Au cours de l'exercice 2009-2010, le Conseil a terminé la deuxième année complète de ses plans stratégique et d'action. Le plan stratégique a permis à l'organisme de consacrer son énergie et ses ressources à un ensemble de priorités clairement établies et conformes aux besoins du secteur artistique. Plusieurs activités ont progressé de façon importante tandis que d'autres demeurent en développement. Cette situation reflète la nature complexe et la grande portée de nombreuses activités.

Une bonne partie des investissements prévus par le plan d'action ont servi à renforcer les programmes de subventions actuels destinés aux artistes et aux organismes artistiques pour soutenir la création et la diffusion des arts. Ainsi, le Conseil répond au désir croissant des Canadiennes et des Canadiens de profiter de l'activité artistique au sein de leur collectivité.

Des hausses ont également eu lieu dans les subventions de fonctionnement pluriannuelles ainsi que dans les subventions de projets accordées à la fois aux artistes individuels et aux organismes. Ce phénomène représente un changement majeur dans le soutien des processus créatifs plus exigeants. Le financement à long terme permet aux organismes de planifier et de mettre en œuvre des programmes artistiques novateurs en toute confiance et en toute sécurité. Il s'agit d'un élément crucial dans le climat économique actuel puisque d'autres bailleurs de fonds, dont des fondations et des commanditaires privés, ont réduit leur soutien.

Le Conseil a également consacré des ressources au renforcement à l'interne de ses processus et de ses politiques, pour lui permettre de mieux évaluer son rendement et les retombées de son travail, d'une part, et pour s'assurer qu'il remplit bien son mandat, d'autre part. De

récents examens du rendement du Conseil – le rapport d'examen spécial 2008 du Bureau de la vérificatrice générale² et l'examen stratégique 2009 – ont tous deux permis d'obtenir des commentaires positifs sur l'expertise du Conseil en matière de gestion de programme. Le dernier examen a permis d'établir que le travail du Conseil « correspond aux priorités des Canadiennes et des Canadiens » (budget 2010).

Contexte opérationnel

En 2008, à la première année du cycle opérationnel actuel de trois ans du Conseil, le monde a connu l'un des plus importants ralentissements économiques de l'histoire. Aucun secteur n'a été épargné. Les emplois, la consommation, les dons de charité, les recettes gouvernementales, les revenus générés par le tourisme et les dotations ont tous connu un déclin, entraînant des conséquences sérieuses pour ceux et celles qui travaillent dans le domaine des arts. Des recherches récentes montrent que les recettes du secteur de la culture au Canada ont diminué de 4,3 % en 2009, soit d'environ 3,1 milliards de dollars³. À l'heure actuelle, des indices laissent croire qu'une reprise est en cours, mais l'économie n'a pas encore retrouvé la vigueur qu'elle avait avant 2008.

Cap sur l'avenir a été mis en œuvre en 2008, au moment où le Conseil a bénéficié d'un financement additionnel de 30 millions de dollars, représentant une hausse de 20 % de ses crédits parlementaires. Ce financement additionnel a porté le budget annuel du Conseil à environ 190 millions de dollars (crédits parlementaires de 180 millions de dollars en plus de dotations et d'autres recettes totalisant environ 10 millions de dollars).

En 2009, le gouvernement du Canada a confirmé qu'un crédit de 25 millions de dollars, qui devait être annulé à la fin de mars 2010, serait prolongé pour cinq années supplémentaires. En mars 2010, le gouvernement a annoncé que les crédits du Conseil ne seraient pas réduits à la suite de l'examen stratégique de ses programmes en 2009. De plus, la baisse des recettes de dotation du Conseil a eu des conséquences budgétaires immédiates minimales grâce aux politiques internes qui ont permis d'amortir l'impact de la volatilité des marchés.

Ainsi, malgré le contexte financier changeant, le budget stable du Conseil pour l'exercice 2009-2010 lui a permis de continuer à mettre en œuvre son plan actuel avec confiance,

fournissant du coup à de nombreux artistes et organismes artistiques canadiens la stabilité financière dont ils ont tant besoin.

Les changements des trois dernières années sont loin de se limiter au ralentissement économique. Les tendances sociales et culturelles abordées dans *Cap sur l'avenir* telles que les changements démographiques, la complexité croissante du paysage du financement et les nouvelles approches en matière de pratique artistique demeurent d'importants facteurs qui influent sur l'environnement dans lequel fonctionne le Conseil.

Au nombre des tendances qui évoluent, mentionnons l'intérêt plus marqué pour l'engagement du public envers les arts; les effets des nouvelles technologies et des médias sociaux sur la création, consommation et diffusion des arts; les pratiques et modèles organisationnels changeants; ainsi que la responsabilité environnementale et sociale. Le Conseil surveille activement ces tendances. Il se positionne ainsi avantageusement pour aider les artistes et les organismes artistiques à répondre aux nouveaux défis et à saisir les nouvelles possibilités.

1. Les crédits parlementaires constituent le montant de base que le Conseil reçoit chaque année du gouvernement pour remplir son mandat. En 2006-2007 et en 2007-2008, le Conseil a reçu un financement additionnel unique de 20 millions de dollars et de 30 millions de dollars, respectivement. En juillet 2007, le gouvernement a annoncé que le financement de 30 millions de dollars allait devenir récurrent, portant ainsi les crédits du Conseil à environ 180 millions de dollars.

2. L'examen spécial 2008 du Bureau de la vérificatrice générale (BVG) a permis de conclure que les systèmes et les pratiques du Conseil « ne présentaient aucune lacune importante. En fait, les systèmes et pratiques du Conseil des Arts ont contribué à son succès dans plusieurs domaines. » Le BVG a formulé sept recommandations à l'endroit du Conseil afin que ce dernier améliore son fonctionnement et raffermisse ses politiques. Parmi celles-ci, on trouve des recommandations selon lesquelles le Conseil devrait « [...] mieux évaluer les résultats de ses programmes de subventions » et « examiner la gamme de ses 140 programmes d'aide financière en vue d'en faciliter l'administration et l'évaluation ». Le Conseil a accepté l'ensemble des recommandations : cinq d'entre elles ont été mises en place et les deux autres sont en voie d'être

3. Le Conference Board of Canada, *Impact de la récession mondiale sur l'économie créative du Canada en 2009* (novembre 2009).

Les orientations



Faits saillants du rendement

Le Conseil des Arts du Canada évalue ses orientations stratégiques décrites dans son plan stratégique, *Cap sur l'avenir 2005-2011*.

Ces faits saillants comparent les fonds versés au Conseil des Arts du Canada (2004-2005) à celles de l'année 2005-2006, celle-ci correspondant à la mise en œuvre du cours des exercices 2006-2007 et 2007-2008, le Conseil a reçu des fonds (voir le graphique ci-dessous) et a été affecté à des programmes (voir le graphique ci-dessous).

Les « Tableaux des résultats » présentent une description plus détaillée des résultats obtenus par le Conseil en 2008-2009 et en 2009-2010 (pages 12 à 15).

Orientation 1 Artistes

Renforcer l'engagement du Conseil des Arts à l'égard des artistes œuvrant seuls ou en collaboration, car ils constituent le cœur même de la pratique artistique au Canada.

Le plan stratégique et le plan d'action ont permis au Conseil de réaffirmer sa foi dans le rôle central que jouent les artistes à titre individuel dans l'écosystème des arts. Le *Plan d'action* prévoyait affecter des fonds au développement de carrière et au potentiel créatif des artistes, ainsi qu'à l'établissement d'objectifs clés visant à améliorer l'accès au perfectionnement professionnel et à accroître l'assouplissement des programmes.

Le Conseil a réalisé des progrès. Il a renforcé son engagement envers les artistes individuels en accordant des subventions à un plus grand nombre d'artistes et en augmentant le montant typique de ce financement¹. En outre, plus d'artistes ont reçu leur première subvention du Conseil. Ainsi, davantage d'artistes ont pu se consacrer à la création, voyager et se perfectionner professionnellement. De plus, des artistes établis et d'autres à mi-carrière ont profité d'une augmentation des subventions de projets pluriannuels, ce qui leur a permis d'entreprendre des projets de plus grande envergure.

Bien qu'ils forment le cœur du domaine des arts au Canada, trop d'artistes sont peu connus. Des initiatives spéciales, dont la présentation sur Internet d'artistes visuels et d'auteurs canadiens dans le cadre de l'Olympiade culturelle 2010 ainsi qu'une plus grande importance accordée aux prix et récompenses, ont contribué à mettre en lumière le travail d'artistes innovateurs et inspirants, ainsi qu'à atteindre de nouveaux publics.

1. Le terme « typique » est utilisé ici pour désigner le montant « médian » et non une moyenne arithmétique en termes statistiques, même si les deux ont augmenté.

Orientation 2 Organismes artistiques

Accroître l'engagement du Conseil à l'égard des organismes artistiques, afin que ces derniers puissent mieux soutenir les pratiques artistiques partout au pays.

Dans son plan d'action, le Conseil prévoyait affecter une large part des nouveaux fonds au soutien du travail des organismes artistiques, puisque ces derniers jouent un rôle essentiel dans la création d'œuvres d'art de qualité, fournissent des emplois et incitent les publics et les communautés à s'intéresser aux arts.

Le passage marqué d'un mode de financement annuel à un mode pluriannuel, lequel offre une plus grande stabilité et une confiance accrue aux organismes artistiques, s'avère le changement le plus important. Ce phénomène inclut une augmentation notable de l'accès au financement pour le fonctionnement annuel et pluriannuel des organismes artistiques de diverses cultures ou autochtones, signe du dynamisme artistique de ces collectivités et du plus grand appétit du public pour cette forme d'expression.

Cette croissance sur le plan du soutien s'est accompagnée de la mise en œuvre continue du système Canadian Arts Data/Données sur les arts au Canada (CADAC)², lequel simplifie le processus de production de rapports des organismes qui reçoivent des fonds de financement de différents paliers de gouvernement. Les organismes parviennent plus facilement à joindre leur public et à créer des œuvres qui sont acclamées sur les scènes nationale et internationale lorsque le fardeau administratif du financement leur est allégé.

Le Conseil a également augmenté la taille de son programme de soutien international à l'intention des organismes³. Ce financement contribue au développement de nouveaux marchés pour leurs œuvres et à la présence des artistes canadiens sur la scène internationale.

En dépit des progrès qu'il a réalisés afin d'apporter la stabilité aux organismes et d'aider ces derniers à atteindre les publics canadiens et internationaux, le Conseil reconnaît que l'infrastructure artistique⁴ demeure inégale d'un océan à l'autre. Le Conseil adoptera ainsi une approche collaborative, pluriannuelle et intégrée pour dresser un portrait de l'écosystème artistique canadien, de façon à l'aider à mieux cibler les interventions et les partenariats.

2. Le CADAC (Canadian Arts Data/Données sur les arts au Canada) est une base de données financières et statistiques intégrée sur Internet destinée aux organismes artistiques qui présentent une demande d'aide au fonctionnement. Les partenaires sont : l'Alberta Foundation for the Arts (Fondation pour les arts de l'Alberta), le British Columbia Arts Council (Conseil des arts de la Colombie-Britannique), le Conseil des Arts du Canada, la Ville de Vancouver, le ministère du Mieux-

Orientation 3

Équité

Accroître le rôle de chef de file du Conseil dans la promotion de l'équité comme priorité critique dans la réalisation des aspirations artistiques du Canada.

Dans *Cap sur l'avenir*, le Conseil a indiqué que l'équité figure parmi ses valeurs fondamentales. Depuis longtemps, le Conseil s'efforce de réduire les inégalités, reconnaissant le rôle crucial que jouent les arts au sein d'une société de plus en plus diversifiée. Le Conseil a élargi ses travaux en matière d'équité, de façon à y inclure les aspects régional, linguistique, culturel, racial et générationnel. Il tient aussi compte des genres et accorde maintenant de l'importance à d'autres points tels que le handicap. Les politiques et les outils servant à soutenir la nouvelle approche incluent une définition revue de l'équité, un mandat élargi du Bureau de l'équité du Conseil ainsi qu'un nouveau formulaire d'identification personnelle volontaire qui permettra au Conseil d'améliorer sa compréhension du milieu artistique.

Le Conseil a élargi et amélioré ses programmes à l'intention des artistes et des organismes artistiques de diverses cultures, et a augmenté le nombre des subventions d'accroissement de la capacité pour les organismes autochtones. L'aide ciblée destinée aux communautés de langue officielle en situation minoritaire s'est poursuivie et les sommes que reçoivent ces communautés du budget de base sont en hausse. D'autres initiatives incluent la recherche dans le domaine de la pratique des artistes handicapés et des langues autochtones; la mise au point d'une stratégie pour le Nord; et la participation à la Coalition canadienne contre le racisme et la discrimination (coordonnée par la Commission canadienne pour l'UNESCO).

Être, de la Culture et du Sport du Nouveau-Brunswick, le Conseil des arts du Manitoba, le Conseil des arts de l'Ontario, le Saskatchewan Arts Board (Conseil des arts de la Saskatchewan) et le Toronto Arts Council (Conseil des arts de Toronto)

3. Les programmes ciblés ont un objectif précis ou une clientèle cible (comme la tournée internationale ou les programmes d'arts autochtones), alors que les programmes non ciblés, ou réguliers, ont des objectifs plus larges et les activités admissibles y sont multiples

Orientation 4

Partenariat

Considérer les partenariats avec d'autres organismes comme élément clé de la démarche adoptée par le Conseil pour accomplir son mandat.

Le Conseil des Arts a reconnu la complexité croissante du financement des arts et des politiques sur les arts, et l'importance d'une plus grande collaboration avec d'autres organismes dont le mandat est de soutenir les arts. Le Conseil continue à raffermir ses liens avec d'autres organismes de financement des arts ainsi qu'avec des intervenants clés situés à l'extérieur de la sphère artistique. Enfin, il recourt au partenariat à titre de mécanisme capable de faire avancer les quatre autres orientations stratégiques.

Le Conseil a renouvelé trois partenariats fructueux avec l'Initiative de développement créatif de l'Alberta, ArtReach Toronto et Vivacité Montréal, des organismes qui obtiennent des fonds d'autres paliers de gouvernement et qui ciblent des groupes peu engagés envers le Conseil

Les partenariats servent à mener des travaux de recherche, à sensibiliser davantage le public aux arts et à soutenir le système de financement des arts. Parmi les réalisations récentes, mentionnons le renforcement du réseau des Organismes publics de soutien aux arts du Canada (OPSAC)⁵, le fait d'agir à titre de secrétariat du CADAC ainsi que plusieurs partenariats qui ont permis d'assurer la visibilité des artistes canadiens à l'occasion de l'Olympiade culturelle 2010, à Vancouver.

4. Dans son plan stratégique, le Conseil avançait que la qualité de l'infrastructure des arts détermine la vigueur des arts dans une région ou une discipline donnée et qu'une infrastructure des arts saine doit compter « d'excellents artistes, d'excellents organismes artistiques qui soutiennent et emploient les artistes en présentant en exposant et en publiant leurs œuvres ou en leur fournissant d'autres services, ainsi que des auditoires engagés, un public qui les soutient, du financement et un ensemble de politiques publiques progressistes, et des installations servant à la pratique et à la fréquentation des arts »

5. L'OPSAC est un réseau qui encourage et soutient les arts au Canada par la coopération et la collaboration des conseils des arts au niveau national, provincial et territorial, ainsi que des organismes publics équivalents de soutien aux arts. Le membre national du réseau est le Conseil des Arts du Canada, qui joue également le rôle de secrétariat de l'OPSAC

Orientation 5

Développement organisationnel du Conseil des Arts

Accroître au Conseil la capacité d'appui aux arts et d'instauration de changements, grâce au renforcement de sa structure et de son effectif, et grâce à l'amélioration de ses services

Au cours de l'exercice 2009-2010, le Conseil a poursuivi son travail visant à approfondir son expertise et sa capacité à servir la communauté artistique. Il a renforcé ses ressources humaines et a institué un processus budgétaire participatif dans l'ensemble de l'organisation. Actuellement, le Conseil s'emploie à renouveler l'ensemble de sa présence sur Internet, y compris la série d'outils et de ressources offerts en ligne, afin de mieux servir les artistes et les organismes artistiques. Il a également approuvé et mis en place une stratégie de gestion du risque approfondie

Le Conseil a amélioré ses capacités en recherche ainsi qu'en évaluation des politiques et des programmes pour mieux partager ses connaissances et accroître sa capacité à démontrer des résultats et des retombées. Le Conseil termine ainsi le travail effectué dans le cadre d'un examen approfondi de l'architecture de ses programmes, ce qui lui permettra d'établir une meilleure correspondance entre la conception des programmes et les résultats souhaités. Cet examen découle d'une des recommandations de l'examen spécial de la vérificatrice générale. Cinq des sept recommandations formulées ont été mises en place, et les deux autres sont en voie de l'être

Perspective

Le plan stratégique actuel a démontré qu'il est important d'établir clairement les orientations du Conseil des Arts du Canada, autant pour les organismes que pour les intervenants. La communauté artistique a profité de cette vision ainsi que du financement stable qui en a résulté. Cette situation a permis aux artistes et aux organismes artistiques de se consacrer à la création d'œuvres de premier plan qu'ils ont présentées aux Canadiens et aux Canadiennes. Cette vision claire et cohérente est bien précise, commune et cohérente. Le Conseil entend s'appuyer sur cette stabilité et cette vision claire au cours des années à venir.

Tableaux des résultats

	2009-2010		2008-2009	
Le Conseil des Arts en bref	(en 000 \$)		(en 000 \$)	
Crédit budgétaire	183 122	\$	182 242	\$
Subventions				
Programmes d'aide aux arts	145 104	\$	144 687	\$
Prix et bourses	3 323	\$	3 545	\$
Paielements du Droit de prêt public	9 963	\$	9 954	\$
Total	158 390	\$	158 186	\$
Montants de subventions				
Artistes	9 634		8 751	
Organismes artistiques	6 505		6 554	
Total	16 139		15 305	
Demandes présentées par l'entremise de SI! Subventions sur Internet (incluses dans le total ci-dessus)	2 922		2 349	
Montants attribués				
Artistes ¹	2 347		2 280	
Organismes artistiques ²	3 853		3 888	
Total	6 200		6 168	
Collectivités où des subventions ont été attribuées ³	652		689	
Nouveaux candidats artistes et organismes artistiques				
Nouveaux candidats	3 749		3 297	
Collectivités dans lesquelles habitent les artistes ou dans lesquelles sont situés les organismes artistiques	691		643	
Bénéficiaires d'une première subvention	1 130		1 195	
Participation				
Pairs évaluateurs	757		805	
Collectivités où habitent ces pairs évaluateurs	147		192	
Pairs siégeant à un comité pour une première fois	347		342	
Activités de la collection du Conseil des Arts				
Œuvres de la collection	17 503		17 317	
Œuvres en location conformément à des contrats	5 980		6 382	
Revenus de location	2 106	\$	2 142	\$
Nouvelles acquisitions	210 596	\$	13 55	\$
Œuvres données (programme de cession)	24 51	\$	93 16	\$
Valeur assurée	68 197	\$	55 608	\$
Grants, services et matériel pour l'UNESCO				
Participation à des événements liés au mandat de l'UNESCO	36		34	

Aux fins de comparaison, les chiffres de ce tableau ont été compilés en date du 1^{er} juin de chaque année financière (ou de la journée ouvrable suivante), sauf lorsque ceux-ci dépendaient de données provenant des rapports finaux de subventions. Ces chiffres sont mis à jour annuellement afin de refléter l'information la plus exacte fournie par ces rapports.

1. Dans une même année, un artiste peut recevoir plus d'une subvention (par exemple, une subvention de voyage et une subvention de projet).

2. Un organisme artistique peut recevoir plus d'une subvention dans une même année (par exemple, une subvention de projet et une subvention de fonctionnement).

3. Inclut 536 collectivités au Canada et 116 collectivités de l'étranger (artistes et auteurs canadiens résidant à l'extérieur du pays, ainsi qu'éditeurs et coproducteurs de l'étranger).

Orientation 1 Artistes

Renforcer l'engagement du Conseil des Arts à l'égard des artistes œuvrant seuls ou en collaboration, car ils constituent le cœur même de la pratique artistique au Canada.

	2009-2010			2008-2009		
	(en 000 \$)			(en 000 \$)		
Artistes recevant une aide (artistes/fonds alloués)	1 165	1 256	\$	2 097	23 301	\$
Stratégies et initiatives de programmes (artistes/fonds alloués)						
Subventions de résidences et de commandes d'œuvres	37	514	\$	33	490	\$
Collaborations entre les artistes et la communauté	13	143	\$	11	144	\$
Aide pluriannuelle aux projets d'artistes	46	1 798	\$	44	1 744	\$
Commission du droit de prêt public						
Auteurs canadiens qui reçoivent des paiements	17 058	9 963	\$	16 514	1 754	\$
Collectivités où habitent ces auteurs (au Canada)	1 765			1 751		
Collectivités où habitent ces auteurs (à l'étranger)	358			357		
Célébrer les réalisations exceptionnelles par le biais des prix et des bourses						
Lauréats de prix et de bourses	1 164	1 056	\$	1 164	1 056	\$
Cérémonies de remise de prix	12			12		
Collectivités où les cérémonies ont eu lieu	6			7		
Prêt d'instruments à cordes de qualité pour trois ans	14			14		
Valeur assurée des instruments (en \$US)		27 276	\$		26 615	\$
Honoraires et frais de lecture des comités d'évaluation par les pairs et des comités consultatifs						
Comités d'évaluation par les pairs – honoraires professionnels		516	\$		166	\$
Comités d'évaluation par les pairs – honoraires de lecture		596	\$		504	\$
Comités consultatifs		37	\$		27	\$
Total		1 449	\$		1 321	\$
Soutien aux activités de diffusion (artistes/fonds alloués)	223	1 802	\$	217	1 547	\$
Subventions de voyage (subventions/fonds alloués)						
Subventions de voyage aux artistes	673	1 139	\$	730	1 175	\$
Autres subventions de voyage ¹	541	2 672	\$	524	1 900	\$
Total	1 415	3 262	\$	1 311	3 071	\$
Pays étrangers visités (nombres approximatifs)	100			74		
Subventions de tournée (subventions/fonds alloués)						
Subventions de tournée (musique, danse et théâtre seulement)	32	300	\$	30	300	\$
Subventions pour des projets présentés dans un contexte international (subventions/fonds alloués)	720	3 400	\$	734	3 605	\$

1. Ces chiffres incluent les subventions attribuées par l'entremise du Programme de développement des publics et des marchés et du Programme d'échanges coopératifs entre artistes des Peuples autochtones.

2 Organismes artistiques

2009-2010

2008-2009

(en 000 \$)

(en 000 \$)

Accroître l'engagement du Conseil à l'égard des organismes artistiques, afin que ces derniers puissent mieux soutenir les pratiques artistiques partout au pays.

Recevoir une aide (organismes-fonds alloués)	2 256	122 880	\$	2 305	122 339	\$
Soutien annuel au fonctionnement	380	16 422	\$	357	15 538	\$
Soutien pluriannuel au fonctionnement	636	75 119	\$	618	74 002	\$
Total		91 541	\$		89 540	\$
Aide annuelle aux projets	1 744	28 203	\$	1 829	29 382	\$
Aide pluriannuelle aux projets	71	3 010	\$	70	3 417	\$
Total		31 213	\$		32 799	\$
Subventions de résidences et de commandes d'œuvres	99	1 399	\$	100	1 441	\$
Collaborations entre les artistes et la communauté	74	1 126	\$	78	1 351	\$
Subventions de la Brigade volante et de l'Envol de l'aigle	223	1 460	\$	195	1 344	\$
Total (organismes-fonds alloués)	1 418	26 955	\$	1 426	25 844	\$
Activités de diffusion (présentées ci-dessus)	55	129	\$	48	139	\$
Pays représentés	28			21		
Subventions de tournée (musique, danse et théâtre seulement)	173	3 783	\$	157	3 756	\$
¹ Subventions pour les rencontres littéraires	184	697	\$	228	1 237	\$
Rencontres littéraires	1 093			1 055		
Organismes d'accueil	168			201		
Lieux des rencontres littéraires	108			117		
Total	731	8 286	\$	719	8 238	\$

3 Équité

2009-2010

2008-2009

(en 000 \$)

(en 000 \$)

Accroître le rôle de chef de file du Conseil dans la promotion de l'équité comme priorité critique dans la réalisation des aspirations artistiques du Canada.

Programme d'accroissement de la capacité pour les organismes artistiques autochtones ²	29	960	\$	8	154	\$
Autres formes de soutien aux organismes et aux pratiques artistiques autochtones	409	6 908	\$	396	6 415	\$
Total		7 868	\$		6 569	\$
Programme d'accroissement de la capacité pour les artistes et les organismes artistiques de la diversité culturelle	44	1 344	\$	49	1 530	\$
Autres formes de soutien aux pratiques et aux organismes artistiques de la diversité culturelle	597	9 103	\$	612	9 777	\$
Total		10 447	\$		11 307	\$
		800	\$		800	\$

4 Partenariat

2009-2010

2008-2009

(en 000 \$)

(en 000 \$)

Considérer les partenariats avec d'autres organismes comme élément clé de la démarche adoptée par le Conseil pour accomplir son mandat.

Tirer profit des retombées des réseaux et des partenariats (organismes/fonds alloués)

Initiative de développement créatif de l'Alberta (IDCA) ³	135	2 160	\$	125	1 907	\$
Partenaires dans les arts en développement créatif (PADC) ⁴	17	1 100	\$	16	1 500	\$

Nouvelles activités liées à la capacité de recherche⁵

Conseil des Arts du Canada

Développement d'un site web qui permettra au Conseil des Arts et à d'autres organismes publics de soutien aux arts de recueillir et de partager des données sur les organismes artistiques au Canada, dans le but de mesurer le rendement des organismes artistiques partout au pays.

134 \$ 235 \$

5 Développement organisationnel du Conseil

2009-2010

2008-2009

Accroître, au Conseil, la capacité d'appui aux arts et d'instauration de changements, grâce au renforcement de sa structure et de son effectif, et grâce à l'amélioration de ses services.

Se conformer à des normes de responsabilisation élevées

Employés	233	231
Frais de perfectionnement professionnel et de formation par employé (en dollars)	1 342	915
Nombre de voyages effectués par des employés à l'extérieur de la région de la capitale nationale	729	762
Collectivités visitées par des employés du Conseil	96	89

Promouvoir les arts

Communiqués et avis aux médias	48	47
Messages et publicités du Conseil dans des programmes d'événements artistiques	55	46
Reportages et articles sur les Prix littéraires du Gouverneur général dans les médias	603	694
Reportages et articles sur les Prix du Gouverneur général en arts visuels et en arts médiatiques	150	137
Reportages et articles sur la Banque d'instruments de musique ⁶	100	
Traffic du site web du Conseil		
Pages consultées par année	8 182	7 921
Visites par année	1 354	1 355
Visiteurs uniques	760	792

1. En raison de changements apportés au programme Rencontres littéraires, les chiffres pour 2009-2010 ne doivent pas être comparés aux données de 2008-2009 ou d'avant. À partir de 2009-2010, les organismes qui tiennent d'importantes séries de rencontres littéraires sont financés dans le cadre du nouveau programme Soutien à la promotion des arts littéraires.

2. En 2008-2009, l'aide pluriannuelle de l'Initiative d'accroissement de la capacité a été révisée.

3. L'Initiative de développement créatif de l'Alberta (IDCA), qui a débuté en 2007-2008, est un programme conçu pour aider le développement des arts en Alberta. Il s'agit d'un partenariat entre l'Alberta Foundation for the Arts et le Conseil des Arts du Canada, en collaboration avec la Calgary Arts Development et l'Edmonton Arts Council. La contribution annuelle du Conseil et de l'Alberta Foundation à l'IDCA a été de 1 000 000 \$ chacun pendant les trois premières années.

4. Lancé en 2007-2008, Partenaires dans les arts en développement créatif (PADC) était un programme de trois ans conçu pour aider la création et le développement d'œuvres originales qui permettait de représenter l'excellence artistique et la diversité culturelle de la Colombie-Britannique. PADC était un partenariat stratégique entre la Province de la Colombie-Britannique, la Ville de Vancouver, le Conseil des Arts du Canada, la Vancouver Foundation, le comité organisateur des Jeux paralympiques d'hiver et les Jeux olympiques de 2010 de Vancouver, ainsi que 2010 Legacies Now. Les chiffres ci-dessus illustrent le total des fonds investis par tous les partenaires. La contribution annuelle du Conseil des Arts à PADC a été de 500 000 \$.

5. Le Conseil a accru ses capacités de recherche dans les domaines suivants : méthodologies de sondage, production de rapports sur le rendement et les résultats, recherche adaptée (par exemple, les consultations auprès de la communauté artistique autochtone à des fins de recherche, l'« exploration de données », etc.), reddition de comptes sur les questions d'équité, de développement des publics et de rayonnement.

6. Le concours de la Banque d'instruments de musique a lieu tous les trois ans.

Aperçu financier

Points saillants

En 2009-2010, le crédit parlementaire est demeuré sensiblement le même que celui de l'exercice précédent. Il a augmenté de 880 000 \$, principalement en raison du remboursement rétroactif des deux dernières années, des augmentations des salaires et des avantages des employés selon les engagements contractuels. Les placements ont affiché un rendement positif de 15 %, une amélioration notable par rapport à la baisse de 23 % l'année précédente, grâce à une remontée générale des marchés boursiers mondiaux et à la hausse du dollar canadien dont le Conseil a pu bénéficier. À la suite d'une réévaluation, le Conseil a revu ses objectifs en matière de composition de l'actif et ce rééquilibrage se poursuivait en date du 31 mars 2010. Après avoir enregistré des pertes de placement de 4,9 millions \$ et une baisse de la valeur de ses instruments financiers disponibles à la vente de 6,5 millions \$, le Conseil a touché 7,8 millions \$ au titre de ses produits financiers nets. Il ne sera donc pas nécessaire de réinvestir des fonds dans sa réserve découlant de la capitalisation des produits financiers, ou à partir de cette réserve. L'exercice 2009-2010 représentait la seconde année de la mise en œuvre du *Plan stratégique 2008-2011* du Conseil. Celui-ci a été en mesure de poursuivre ses activités liées aux orientations adoptées dans le cadre de ce plan sans devoir réaffecter des ressources de façon importante. Pour l'exercice 2009-2010, les résultats financiers nets comptabilisés du Conseil des Arts du Canada affichent une perte de 19 000 \$ (2 420 000 \$ en 2008-2009).

Bilan au 31 mars

(en milliers de dollars)	2010	2009
Total de l'actif	295 588	\$ 264 049
Total du passif	34 117	38 669
Total des capitaux propres	261 471	225 380

État des résultats pour les exercices terminés le 31 mars

Crédit parlementaire	183 122	\$ 182 242	\$
Produits financiers nets	7 825	5 398	
Autres produits	3 259	2 852	
Total des produits	194 206	190 492	
Programmes	176 628	176 042	
Commission canadienne pour l'UNESCO	2 005	2 521	
Administration générale	15 592	14 349	
Total des charges	194 225	192 912	
Résultats nets de l'exercice	(19)	\$ (2 420)	\$

Bilan

Actif

Au 31 mars 2010, le total de l'actif à court terme s'établissait à 6,7 millions \$, soit une diminution de 5 millions \$ par rapport à l'exercice précédent. L'actif à court terme se compose de l'actif qui, dans le cours normal des activités, est destiné à être converti en espèces ou à être dépensé pendant l'année à venir. Les équivalents de trésorerie ont connu la plus forte baisse, passant de 8,2 millions \$ au 31 mars 2009 à 4,5 millions \$ à la même date en 2010. Les équivalents de trésorerie représentent le placement temporaire de l'excédent des besoins de liquidité quotidiens du Conseil dans un fonds commun à court terme géré par un gestionnaire de portefeuille professionnel. Ce fonds commun à court terme a dégagé un rendement de 0,25 % en 2009-2010 et sa durée moyenne a été de 19 jours (rendement de 2,4 % et durée moyenne de 51 jours en 2008-2009). Cette baisse générale de la trésorerie et des équivalents de trésorerie est attribuable aux sorties nettes découlant des activités d'exploitation totalisant 2,9 millions \$, des apports reçus de non-propriétaires s'élevant à 1,3 million \$ et à une diminution des

sorties nettes utilisées dans le cadre d'activités d'investissement totalisant 13,0 millions \$. L'actif à court terme comprend également des instruments financiers dérivés composés d'un gain latent de change sur les contrats à terme s'élevant à 3,8 millions \$ qui venaient à échéance le 31 mars 2010, mais qui ont été réalisés le 7 avril 2010.

Au 31 mars 2010, la juste valeur des placements du Conseil était de 265,6 millions \$, incluant un montant de 32,2 millions \$ dans des fonds communs du marché monétaire destinés à financer les engagements futurs à long terme du Conseil dans des actions canadiennes, des fonds d'obligations, des infrastructures et l'immobilier. Les placements ont connu une hausse de 36,5 millions \$ comparativement à la juste valeur établie à 229,1 millions \$ au 31 mars 2009. Cette augmentation de la juste valeur traduit la remontée globale des marchés boursiers mondiaux par rapport au ralentissement de l'exercice précédent, lequel avait été causé principalement par un manque de liquidité et les piètres conditions des marchés mondiaux du crédit, ces derniers ayant créé une réticence à prêter ou à emprunter.

Le Conseil investit dans des parts de fonds communs administrés par des gestionnaires de portefeuilles professionnels. Les placements sont orientés en vertu d'un *Énoncé des politiques et objectifs de placement*, qui est approuvé par le conseil d'administration et mis à disposition par le Conseil. Les objectifs du portefeuille consistent à générer des rendements réels à long terme en complément du crédit parlementaire et pour financer les bourses et prix offerts grâce aux fonds Killam et aux autres fonds spéciaux, tout en maintenant le pouvoir d'achat du capital de dotation. Les fonds Killam et les autres fonds spéciaux représentent les apports de non-propriétaires qui ont été reçus sous forme de dons et de legs et qui ont été grevés d'affectations pour des raisons précises par les donateurs. Les fonds Killam doivent être conservés dans un portefeuille de placement distinct qui est consolidé aux fins d'établissement de rapports. Les autres fonds spéciaux sont compris dans le portefeuille de placement du Conseil, et une part proportionnelle pour chaque contribution est calculée selon la juste valeur du portefeuille de placement au moment où chaque contribution est reçue.

En décembre 2009, le conseil d'administration approuvait des rajustements à sa politique régissant la composition de l'actif et, au 31 mars 2010, le Conseil n'avait pas encore terminé de rééquilibrer le portefeuille. L'*Énoncé des politiques et objectifs de placement* accorde une période de grâce de six mois pour permettre de rééquilibrer les catégories d'actifs en fonction des indices de référence.

Pour la gestion et le suivi de son portefeuille, le Conseil est assisté d'un comité de placements formé d'experts indépendants possédant une expérience du domaine des placements et des catégories d'actifs dans lesquelles les placements sont effectués. Des membres du conseil d'administration siègent également au comité. En outre, le Conseil a recours aux services d'un conseiller en placements indépendant ayant pour fonction d'épauler le comité de placements dans ses activités.

Chaque année, le comité de placements examine la politique de placement du Conseil et, lorsqu'il le juge nécessaire et approprié, il recommande des rajustements à la composition de l'actif et à la diversification de la structure de gestion du portefeuille. Cette année, le comité de placements a tenu compte du ralentissement économique mondial ainsi que des débuts d'une reprise et a évalué l'incidence sur le portefeuille à chaque réunion par des mises à jour régulières de la part des gestionnaires financiers ainsi que par un examen du rendement du portefeuille avec l'expert-conseil en placements. Le tableau ci-dessous présente la composition comparative de la composition réelle de l'actif, ainsi que les objectifs en matière de composition de l'actif pour le portefeuille.

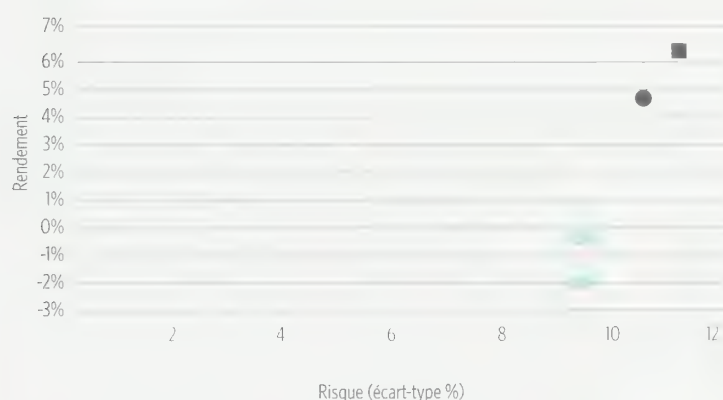
	Composition de l'actif 2009-2010		Composition de l'actif 2008-2009	
	Réelle ¹	Objectifs ²	Réelle ¹	Objectifs
Placements*				
Actions canadiennes	0 %	5 %	0 %	0 %
Actions sur le marché international	46 %	40 %	47 %	61 %
Obligations canadiennes	24 %	35 %	27 %	20 %
Alternatifs	13 %	10 %	14 %	10 %
Immobilier	3 %	5 %	5 %	4 %
Infrastructure	3 %	5 %	2 %	5 %
Marché monétaire	11 %	0 %	5 %	0 %

* L'addition peut ne pas atteindre 100 % en raison de l'arrondissement des chiffres
¹ Révisé en décembre 2009

Le comité de placements suit de très près le niveau de risque au sein du portefeuille. Le graphique 1 présente le risque par rapport au rendement et compare la composition de l'actif du Conseil d'il y a quatre ans à celle au 31 mars 2010. L'axe horizontal représente le niveau de risque et l'axe vertical, le rendement. Au 31 mars 2006, le portefeuille ne comportait pas le même niveau de diversification qu'aujourd'hui et le graphique indique que le niveau de risque a diminué grâce à la diversification accrue du portefeuille et qu'il se situe au point de référence.

Graphique 1 : Analyse du risque par rapport au rendement

Période de 4 ans se terminant le 31 mars 2010 et période de 4 ans se terminant le 31 mars 2006



- Ensemble du fonds (période de 4 ans se terminant le 31 mars 2010)
- Point de référence (période de 4 ans se terminant le 31 mars 2010)
- Ensemble du fonds (période de 4 ans se terminant le 31 mars 2006)
- Point de référence (période de 4 ans se terminant le 31 mars 2006)

Graphique reproduit avec l'autorisation de Hewitt Associates

Au cours de l'exercice, le Conseil a subi des pertes nettes en capital de 4,9 millions \$ découlant de la cession d'une partie de son portefeuille de titres. Afin de réduire le risque de change lié au dollar canadien, le Conseil essaie de minimiser les effets de la fluctuation du cours des devises en couvrant la tranche non libellée en dollars canadiens du portefeuille, à l'exception de la composante des marchés émergents. (Le 1^{er} avril 2010, le Conseil est passé d'une couverture passive de 50 % à une stratégie dynamique de couverture des risques de change, cette dernière pouvant fluctuer entre 30 % et 70 % à un moment précis.) Au cours de l'exercice, ce programme a donné lieu à un gain net de change de 12,6 millions \$, en raison de la hausse de la devise canadienne, principalement par rapport à la devise américaine.

Les œuvres d'art et instruments de musique sont inscrits au bilan du Conseil pour une valeur de 20,7 millions \$ au 31 mars 2010, une hausse nette de 545 000 \$ par rapport à l'exercice précédent. Au cours de l'exercice, la Banque d'œuvres d'art du Conseil des Arts du Canada a acquis de nouvelles œuvres d'un montant de 596 000 \$ et s'est départie d'œuvres

d'une valeur de 51 000 \$. La Banque d'œuvres d'art possède la plus vaste collection d'art contemporain canadien au pays, qui compte environ 17 500 œuvres. Elle offre également des œuvres d'art en location à des sociétés des secteurs public et privé. La Banque d'œuvres d'art est en droit de réaffecter tout excédent d'exploitation à l'acquisition de nouvelles œuvres d'art. La Banque d'instruments de musique du Conseil, quant à elle, est propriétaire ou responsable de 15 instruments de musique à cordes et d'un archet de violoncelle de qualité et d'une grande valeur historique, prêtés à de jeunes musiciens talentueux pour des périodes de trois ans.

Les autres immobilisations comprennent le matériel de bureau et les améliorations locatives, qui ont baissé de 420 000 \$ au cours de l'exercice. L'amortissement des actifs existants a plus que compensé la valeur des acquisitions (autres que les œuvres d'art et les instruments de musique).

Passif

Au 31 mars 2010, le solde cumulé des passifs à court terme s'établissait à 29,5 millions \$, en baisse de 4,3 millions \$ par rapport à l'exercice précédent. Le passif à court terme se compose du passif destiné à être acquitté pendant l'année à venir, dans le cours normal des activités, lequel a été porté aux charges du Conseil pour l'exercice 2009-2010. Il comprend les subventions à payer, les comptes créditeurs, les charges à payer, les instruments financiers dérivés ainsi que les crédits parlementaires reportés. La principale différence concerne les subventions à payer, qui ont diminué de 3,9 millions \$ par rapport à l'exercice précédent.

Les autres éléments du passif comprennent les produits reportés, lesquels correspondent aux revenus de location de la Banque d'œuvres d'art perçus d'avance, à la part non amortie de l'avantage incitatif relatif au bail reçu du locateur du Conseil et aux avantages sociaux des employés, qui correspondent à une prestation de départ ou de retraite des employés du Conseil et qui augmentent généralement avec chaque année de service additionnelle.

Capitaux propres

Au 31 mars, les capitaux propres se composaient des éléments suivants :

(en milliers de dollars)	2010	2009
Surplus d'apport	50 000 \$	50 000 \$
Bénéfices non répartis	12 715	13 317
Cumul des autres éléments du résultat étendu	11 301	(24 847)
Réserve découlant de la capitalisation des produits financiers	166 745	166 745
Réserve pour l'investissement dans des œuvres d'art et des instruments de musique	20 710	20 165
	261 471 \$	\$ 225 380

Le surplus d'apport de 50 millions \$ représente la contribution initiale du gouvernement d'un fonds de dotation lors de la fondation du Conseil en 1957.

Les bénéfices non répartis d'un montant de 12,7 millions \$ comprennent les budgets des subventions non dépensés des exercices précédents, reportés pour une utilisation future connue, et un solde des fonds engagés afin de permettre le bon déroulement des activités du Conseil.

Le cumul des autres éléments du résultat étendu (AERE) se compose des actifs financiers disponibles à la vente et des apports de non-propriétaires grevés d'affectations. Les actifs financiers disponibles à la vente comprennent la perte latente ou le gain latent sur la juste valeur des actifs financiers du Conseil au 31 mars 2010 et le reclassement dans les résultats de tout gain ou de toute perte sur cession ou de dépréciation de placements ayant déjà été constatés dans cette composante des AERE. Les apports de non-propriétaires comprennent ceux reçus sous forme de dons ou de legs qui ont été grevés d'affectations pour des raisons précises par les donateurs, tout produit attribué aux apports de non-propriétaires qui n'a pas été exigé au cours de l'exercice pour les fins énoncées de la contribution, la quote-

part proportionnelle de la perte latente ou du gain latent découlant de la mesure de la juste valeur des placements du Conseil en date du 31 mars et le reclassement dans les résultats de tout gain ou perte sur la cession de placements déjà constaté dans cette composante des AERE.

La réserve découlant de la capitalisation des produits financiers est demeurée inchangée au cours de l'exercice et, bien que ceux-ci aient été inférieurs à ceux prévus au budget, le Conseil a été en mesure de mener ses activités sans recourir à la réserve. Selon la politique du Conseil, lorsque les produits financiers d'un exercice dépassent les produits financiers nets prévus au budget, un montant peut être viré des bénéfices non répartis à la réserve découlant de la capitalisation des revenus de placement et, lorsque les revenus de placement d'un exercice sont inférieurs aux revenus de placement nets prévus au budget, un montant peut être viré de la réserve découlant de la capitalisation des revenus de placement aux bénéfices non répartis. Le total de 166,7 millions \$ en date du 31 mars 2010 représente la somme des rendements excédentaires des placements, depuis la fondation du Conseil. Le solde des capitaux propres correspond à la constatation comme une réserve d'un montant équivalant à la valeur de ses œuvres d'art et instruments de musique. Ceci tient compte du fait que les droits sur des œuvres d'art et des instruments musicaux constituent, pour le Conseil, un capital physique plutôt que financier.

État des résultats

État des résultats sommaires pour les exercices terminés le 31 mars

(en milliers de dollars)	Réel 2010	Budget 2010	Réel 2009
Produits			
Crédit parlementaire	183 122 \$	180 782 \$	182 242 \$
Produits financiers nets	7 825	12 953	5 398
Produits nets de la Banque d'œuvres d'art	404	30	395
Autres produits	2 855	1 990	2 457
	194 206	195 755	190 492
Charges			
Programmes	176 628	177 440	176 042
Commission canadienne pour l'UNESCO	2 005	2 264	2 521
Administration générale	15 592	15 950	14 349
	194 225	195 654	192 912
Résultats nets de l'exercice	(19) \$	101 \$	(2 420) \$

Le Parlement accorde des crédits annuels au Conseil. Pour l'exercice se terminant au 31 mars 2010, le Conseil a reçu 183,1 millions \$, soit 0,9 million \$ de plus qu'en 2008-2009.

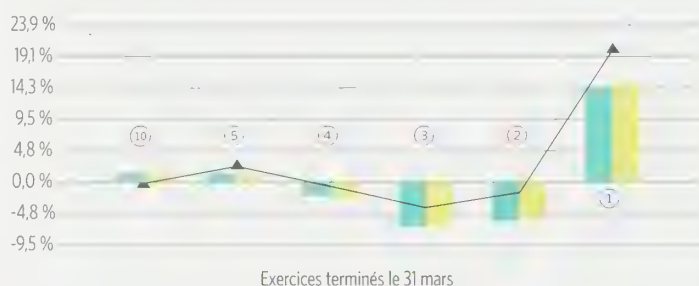
Les marchés financiers dans lesquels investit le Conseil sont très diversifiés et, en 2009-2010, la dotation et autres fonds spéciaux ainsi que les fonds Killam ont dégagé un rendement positif annualisé de 14,8 % (rendement négatif de 23,0 % en 2008-2009) et de 15,2 % (rendement négatif de 23,2 % en 2008-2009) respectivement. Les portefeuilles ont subi l'influence positive de la remontée globale des marchés boursiers mondiaux, d'un regain de confiance généralisé des marchés à l'échelle mondiale ainsi que de la hausse de la devise canadienne.

En raison des rendements améliorés, on a constaté des produits financiers nets de 7,8 millions \$, ce qui a représenté une augmentation de 2,4 millions \$ en regard de 2008-2009, mais une diminution de 5,2 millions \$ en regard du budget. Les gains nets de change sur les contrats à terme de 12,6 millions \$ ont augmenté de 18,1 millions \$ par rapport à l'exercice précédent, ce qui est attribuable à une importante hausse du dollar canadien. Ces gains ont représenté la plus importante part des produits financiers pour l'exercice. Les intérêts et les dividendes ont contribué à hauteur de 6,9 millions \$ des produits financiers pour l'exercice, baisse de 3,9 millions \$ par rapport à 2008-2009, attribuable à la constance des faibles taux d'intérêt et le besoin

généralisé des entreprises de conserver leurs capitaux plutôt que de payer des dividendes. Les pertes nettes enregistrées sur la cession de placements se sont établies à 4,9 millions \$ comparativement à 977 000 \$ pour l'exercice précédent. Ces pertes sont principalement attribuables à la cession d'actions lors du processus de rééquilibrage du portefeuille à la nouvelle composition de l'actif. En cours d'exercice, le Conseil a en outre constaté une dépréciation de 6,5 millions \$ au titre des intérêts qu'elle détient dans un fonds commun de placement immobilier américain, puisque la perte de valeur est considérée comme une perte durable.

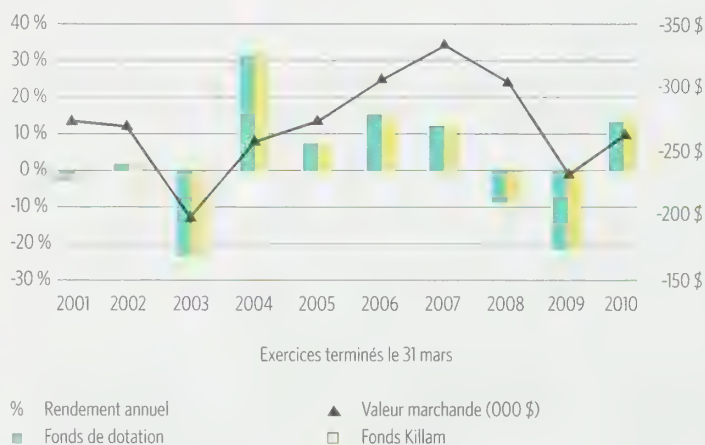
Le graphique II ci-dessous illustre le rendement annualisé pour les 10 derniers exercices de la dotation et autres fonds spéciaux et des fonds Killam en regard du taux de référence. Il indique l'incidence du ralentissement économique de 2008-2009 ainsi que de la reprise qui a suivi et reflète l'expérience de la plupart des autres institutions.

Graphique II: Rendement annualisé du portefeuille



Selon la politique de placement du Conseil, des sommes en espèces peuvent être retirées du portefeuille à raison de 4,5 % de la moyenne de la valeur marchande du portefeuille pour les trois années précédentes, en fonction des soldes constatés le 30 septembre. Le graphique III représente le rendement annuel des placements du Conseil depuis 2001, ainsi que son influence sur la valeur marchande en fin d'exercice. Le graphique III rend également compte des fluctuations du rendement des marchés de fonds d'investissement d'une année à l'autre. Lorsque les revenus de placement dépassent ceux prévus au budget, le Conseil réinvestit l'excédent afin d'alimenter la croissance du fonds. Ce réinvestissement est aussi destiné à rapprocher la valeur du portefeuille de la valeur actualisée de la dotation initiale effectuée en 1957. Cette approche proactive contribue à fournir au Conseil une stabilité supplémentaire et un rendement à long terme. Durant les exercices où les produits financiers ne sont pas aussi favorables que prévu, le conseil d'administration peut autoriser l'utilisation des revenus capitalisés d'exercices précédents, qui sont représentés par la réserve découlant de la capitalisation des produits financiers, un élément des capitaux propres du bilan.

Graphique III: Rendement annuel du portefeuille



Les produits nets de la Banque d'œuvres d'art, s'élevant à 404 000 \$, ont été de 374 000 \$ plus élevés que prévu pour l'exercice, et de seulement 9 000 \$ au-dessus des 395 000 \$ de l'exercice précédent. Ce rendement net a traduit la capacité de maintenir l'augmentation de la location des œuvres d'art au même niveau que celle de l'exercice précédent.

Les autres revenus comprennent les montants correspondant aux subventions annulées accordées au cours des exercices précédents, les revenus de location de la salle du conseil, les dons, les remboursements d'impôts et autres. Ces revenus peuvent varier d'une année à l'autre et, en 2009-2010, ils ont augmenté de 398 000 \$.

Les dépenses de programmes, pour les années qui terminent le 31 mars, incluent les trois éléments suivants :

(en milliers de dollars)	Réel 2010	Budget 2010	Réel 2009
Subventions	158 390 \$	156 692 \$	158 186 \$
Administration	12 512	13 736	12 452
Services	5 726	7 012	5 404
	176 628 \$	177 440 \$	176 042 \$

En 2009-2010, les charges de programmes ont compté pour plus de 91 % des charges totales du Conseil, qui se sont élevées à 194,2 millions \$, soit presque le même pourcentage qu'en 2008-2009 (91 %). Les charges de programme ont été 586 000 \$ supérieures à celles de l'exercice précédent, mais de 812 000 \$ de moins que le budget. Les subventions aux artistes et aux organisations artistiques ont représenté environ 90 % des dépenses de programmes totales; elles ont augmenté de 204 000 \$ pour l'exercice. Les services comprennent le soutien supplémentaire offert à la communauté artistique, à savoir les charges relatives aux ateliers, à la prestation des programmes, à leur évaluation, à la recherche et à la participation à des comités consultatifs. Les frais d'administration représentent les coûts directs de la prestation des programmes du Conseil. Ceux-ci, comprenant les salaires, les avantages sociaux, les frais de déplacement et les services professionnels, ont connu une augmentation de 60 000 \$ par rapport à 2008-2009. Le Conseil continuera de se soumettre à cette contrainte financière à l'avenir, notamment lors des trois prochains exercices financiers.

La Commission canadienne pour l'UNESCO exerce ses activités sous l'égide du Conseil des Arts du Canada. La CCU a dépensé 2 005 000 \$ en 2009-2010, soit 516 000 \$ de moins que lors de l'exercice 2008-2009 et 259 000 \$ de moins par rapport au budget. Cette diminution s'explique surtout par une contribution unique de 500 000 \$ au nom du gouvernement du Canada au Fonds international pour la diversité culturelle de l'UNESCO lors de l'exercice précédent. La CCU coordonne les activités relatives à la réalisation des programmes de l'UNESCO au Canada, favorise la participation du Canada à des projets menés à l'étranger, notamment aux programmes d'aide et de conseils spécialisés offerts par des organismes gouvernementaux et non gouvernementaux. Elle conseille également le ministère des Affaires étrangères et du Commerce international pour l'établissement des programmes futurs et budgets de l'UNESCO. Enfin, à l'échelle nationale, elle prend des initiatives en vue de promouvoir et de faire connaître les objectifs des programmes de l'UNESCO.

Les dépenses liées à l'administration générale comprennent les coûts du Secrétariat du Conseil, les communications et les services généraux (notamment la gestion des finances, des ressources humaines et de l'information). Elles englobent les salaires, les avantages sociaux, les déplacements, les services professionnels, l'amortissement, les locaux et autres. Ces coûts se sont élevés à 1 243 000 \$ de plus que ceux rapportés lors de l'exercice 2008-2009, et se sont situés à 358 000 \$ de moins qu'au budget. L'augmentation est attribuable principalement au traitement annualisé de son effectif et à l'amélioration des services du Conseil entrepris au cours de l'exercice précédent, soit au cours de la première année de la mise en œuvre de son plan organisationnel triennal.

Modifications comptables

En décembre 2009, le Conseil sur la comptabilité dans le secteur public (CCSP) a apporté des modifications à la Préface des normes comptables pour le secteur public. Celle-ci présente les caractéristiques des divers types d'organismes et, selon la catégorie, établit les normes comptables qui devraient être respectées. Le Conseil attend la décision à l'égard de deux exposés-sondages intitulés *Instruments financiers* (septembre 2009) et *Information financière des organismes sans but lucratif* (mars 2010) qui pourraient avoir une incidence importante sur la présentation de ses états financiers. Par conséquent, le Conseil continue d'évaluer la classification des organismes gouvernementaux en matière de comptabilité pour le secteur public ainsi que les normes qui s'appliqueront.

Au cours de l'exercice, le Conseil s'est conformé aux changements apportés à la partie V, chapitre 3862, du manuel de l'Institut Canadien des Comptables Agréés (ICCA), « Instruments financiers – Informations à fournir », pour rehausser la divulgation d'information en matière de mesures de juste valeur et d'illiquidité du risque liés aux instruments financiers, et à ceux du chapitre 3064 – « Écart d'acquisition et actifs incorporels ».

Partout au Canada, les artistes nous inspirent.

**Ils nous font rire, danser, pleurer, réfléchir.
Ils nous enrichissent. Nous renforcent.**

**Nous sommes fiers de vous présenter
certaines de leurs réalisations.**

**De l'art pour les jeunes,
et les jeunes de cœur...**

Des œuvres qui nous rassemblent.

**Une force communautaire,
un rayonnement international.**



El Mochila

El Mochila es un proyecto de arte urbano que se desarrolla en el barrio de San Juan, en Madrid. El proyecto consiste en la creación de una serie de murales de graffiti que representan a los habitantes del barrio. El proyecto es una iniciativa del Ayuntamiento de Madrid, en colaboración con el colectivo de artistas urbanos El Mochila. El proyecto tiene como objetivo crear un espacio de expresión artística para los habitantes del barrio, y también como una forma de mejorar el entorno urbano. El proyecto ha sido muy bien recibido por la comunidad, y ha generado un gran interés por parte de los vecinos. El proyecto es una muestra de cómo el arte urbano puede ser una herramienta para mejorar el entorno urbano y crear un sentido de comunidad.

Photo: Francis Virelli

Tafelmusik

Les musiciens de Tafelmusik ont été au tournant de leur art avec le *Projet Galilée*. Mais par le spectre capté par le Centre d'arts et d'histoire et présentée à l'occasion du 400^e anniversaire de la première utilisation du télescope par Galilée. Salué sur la scène internationale, ce spectacle multimédia explore le pouvoir de la musique à stimuler et à transformer notre compréhension de l'univers. En 2009, l'Association internationale d'astronomie a même nommé un astéroïde en l'honneur de Tafelmusik. Pour le réputé orchestre baroque de Toronto, l'année 2009 a aussi été celle où les portes du grand Carnegie Hall de New York lui ont été ouvertes.

Photo : Cylla von Tiedemann



Dulcinée Langfelder & Co.

Rendre la vie plus agréable par la création de spectacles qui amusent et font réfléchir, c'est l'mission que s'est donnée Dulcinée Langfelder. Elle depuis 25 ans. La compagnie multilingue célébrera son anniversaire en automne 2010 en reprenant *Victoria*, un spectacle de danse-musique qui a fait le tour du monde et qui aborde avec humour et compassion le thème du vieillissement. Au printemps 2009, *Victoria* a impressionné les spectateurs du Harare International Festival of the Arts, au Zimbabwe. Fidèle à son habitude, la troupe a prêté de sa présence dans le pays pour offrir à de jeunes artistes locaux d'expression artistique.

Photos : Cylla von Tiedemann et Erik Lapierre

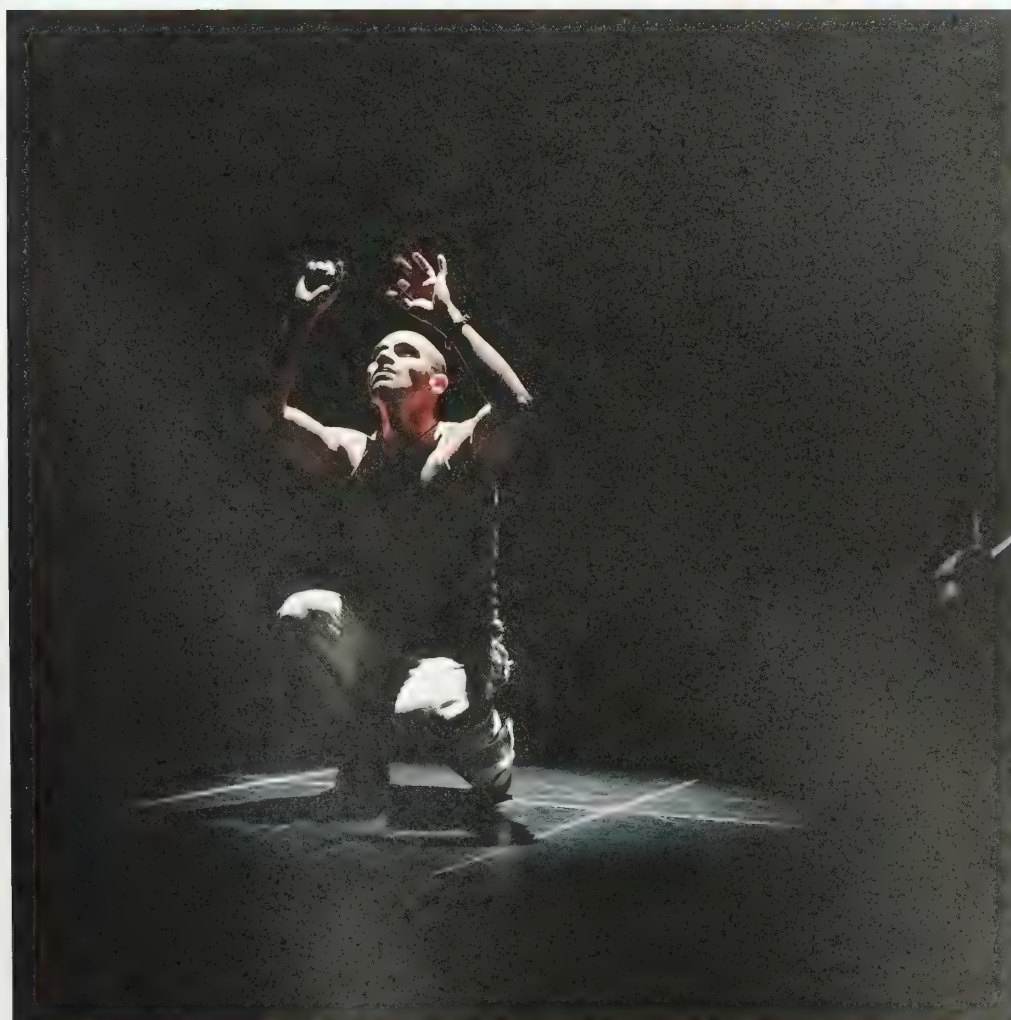




Salon des musiques du monde

Le salon des musiques du monde est un événement important pour la scène de la musique du monde à Montréal. Les artistes du monde entier y ont l'occasion de présenter leur musique et de rencontrer le public. L'ensemble Kiran Anilwalia, renommé pour ses ghazals et ses chansons traditionnelles punjabaises, a offert une prestation au WOMEX. Photo : Jeremy Llewellyn-Jones.

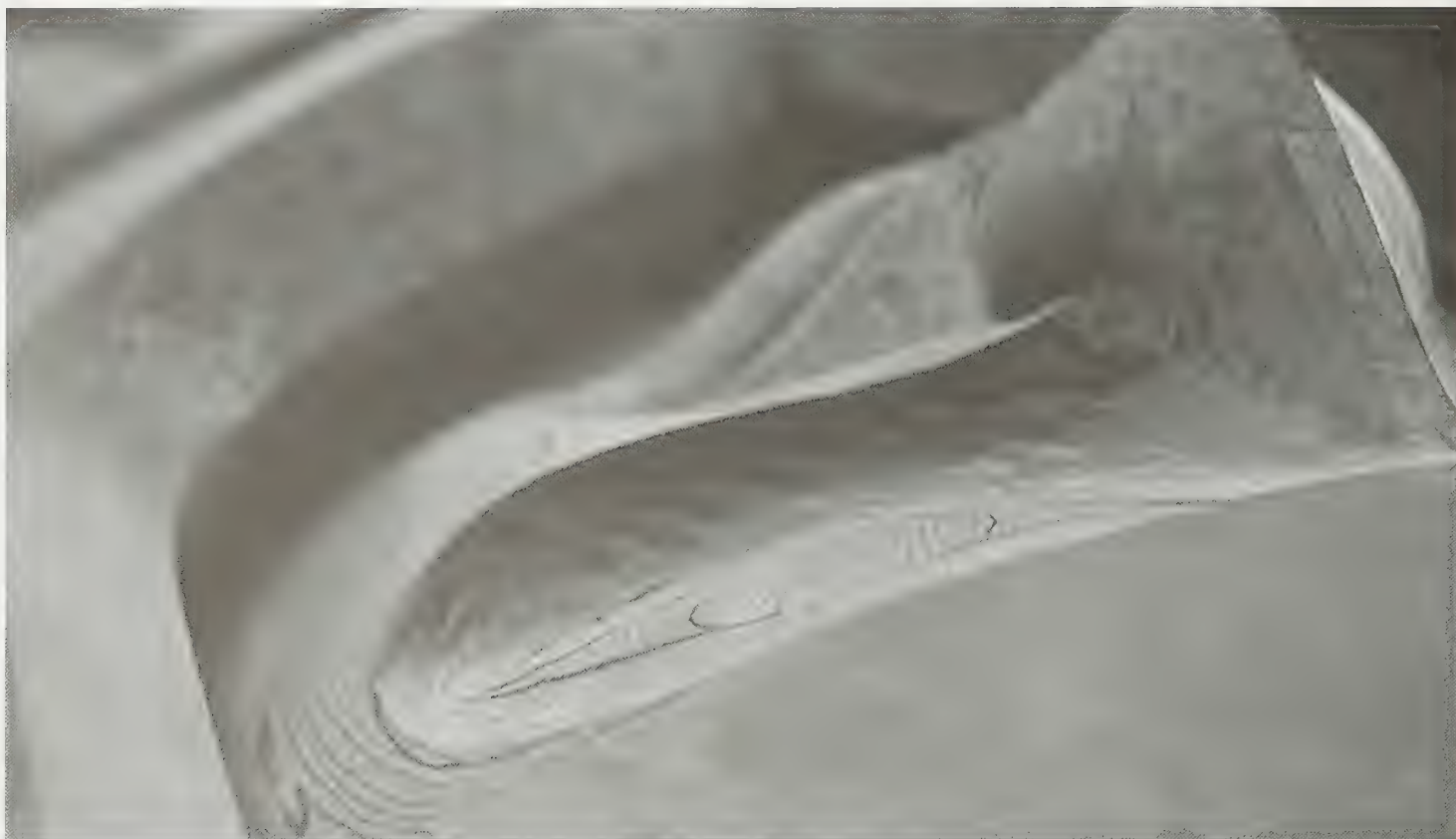
Sur la photo : L'ensemble Kiran Anilwalia, renommé pour ses ghazals et ses chansons traditionnelles punjabaises, a offert une prestation au WOMEX. Photo : Jeremy Llewellyn-Jones.



Montreal arts internationaux

Le MAI (Montreal arts internationaux) est un centre de cultures et d'arts internationaux. Il est dédié à la promotion des arts internationaux et à la diffusion de la culture mondiale. En 11 ans d'existence, des centaines d'artistes sont venus au MAI pour expérimenter, créer et diffuser leur travail et d'acquiescer. Un exemple parfait : Poésie, un album aux confins de la poésie et de la musique et du sam qui marie les textes et la voix de Fabrice Koffy aux arrangements poétiques de Guillaume Soucy. Fabrice Koffy, a créé Poésie lors d'une résidence au MAI et en janvier 2010 il y présentait le spectacle de cet album. Lors de la prestation, le danseur Gabriel Martinez, connu pour intégrer de la breakdance et la danse contemporaine aux danses africaines et latines, a créé une chorégraphie originale pour Poésie.

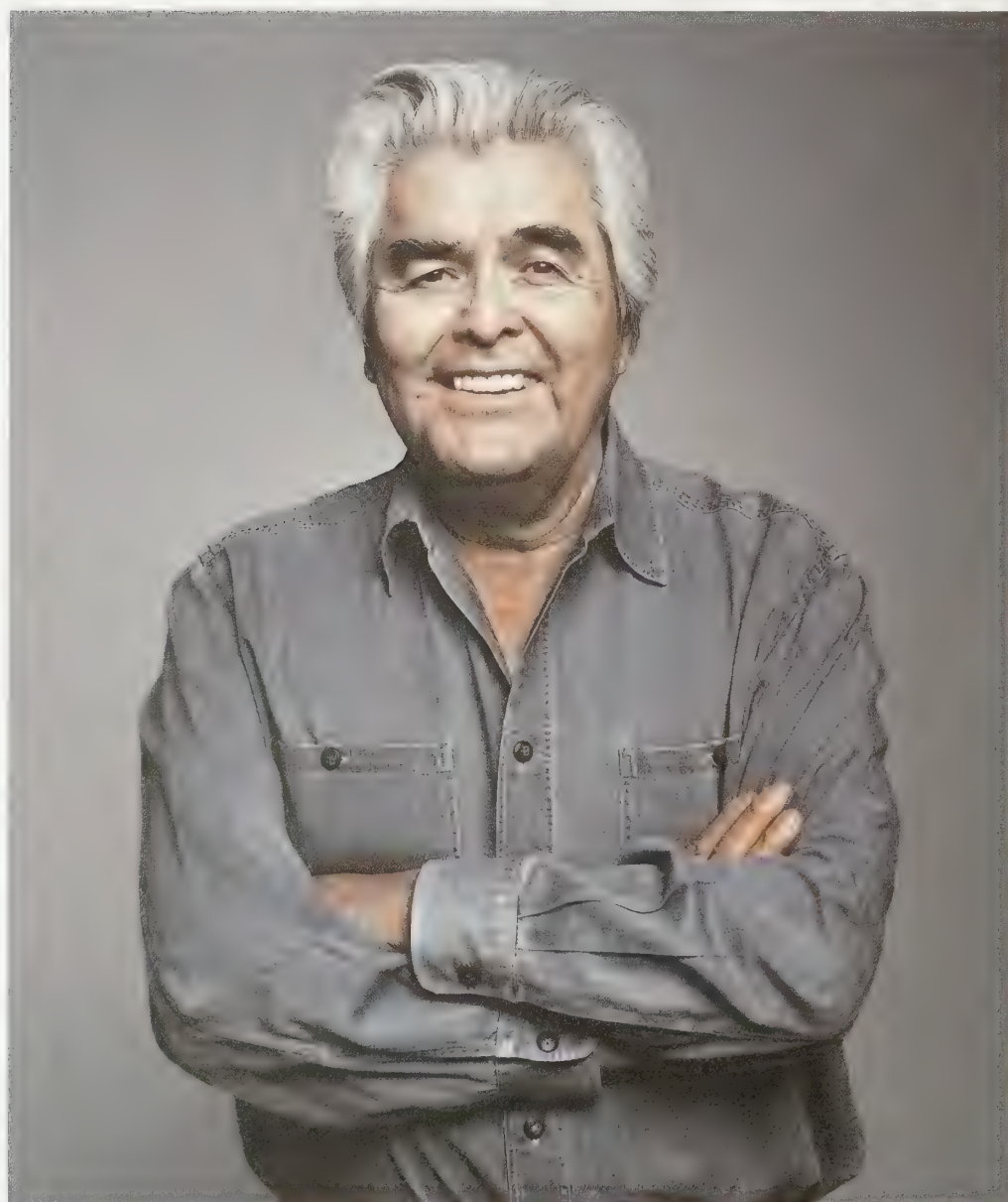
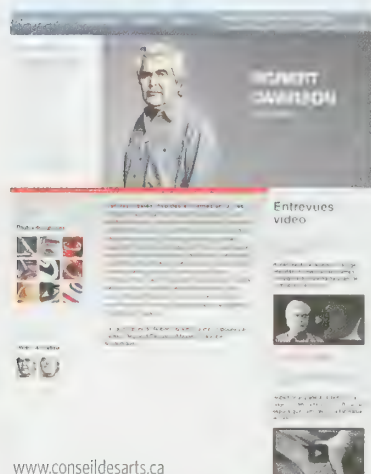
Photo : Ulysse L.B.



Portrait d'un maître

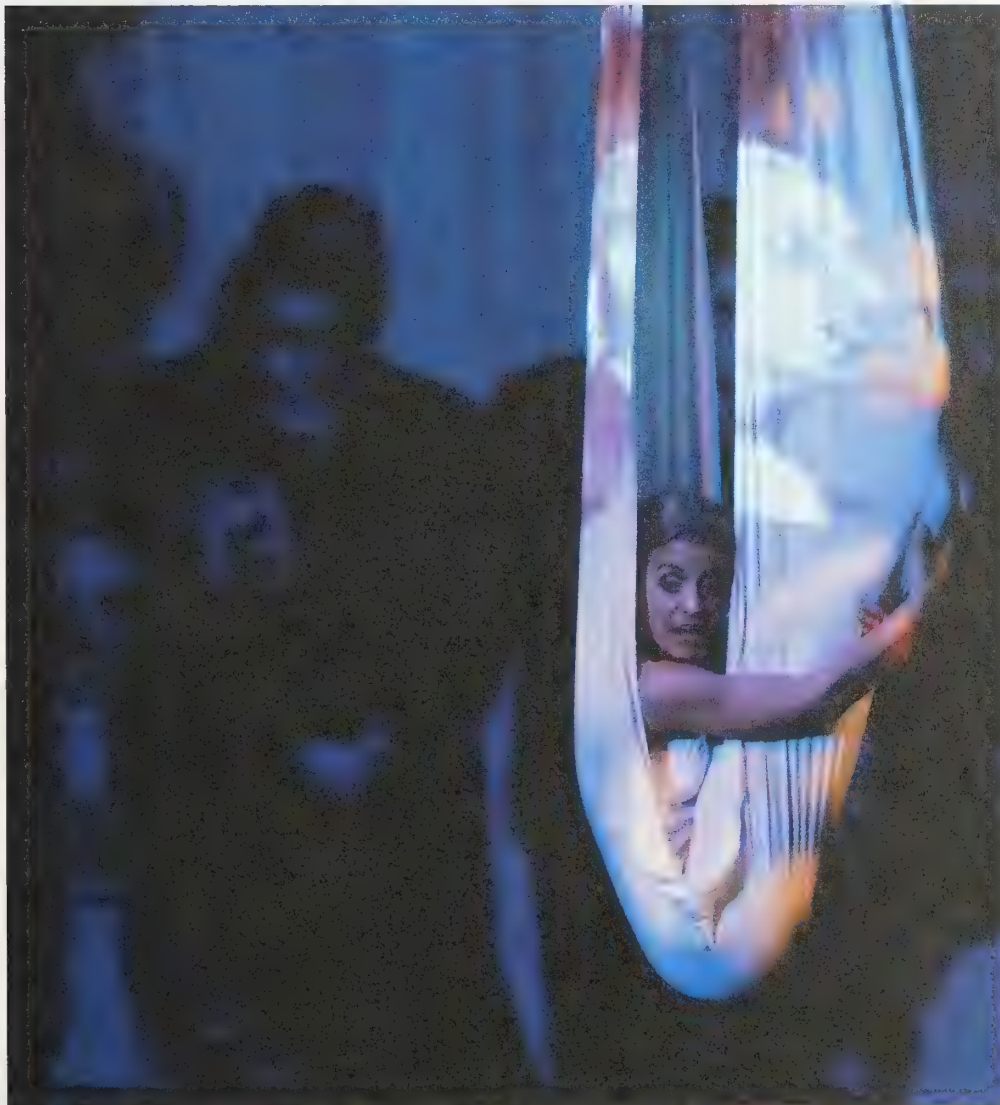
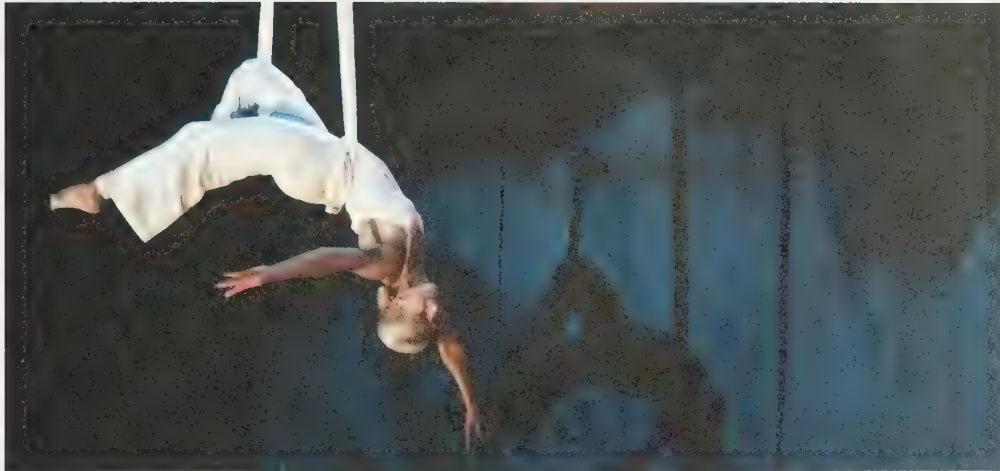
La biographie de cet homme affirmant Robert Davidson dans une vidéo produite par le Conseil des Arts du Canada, jusqu'à remporter l'un des Prix du meilleur général en arts, culture et en arts médiatiques de 2010. Acteur important de la renaissance de l'art haïda, Robert Davidson est profondément engagé comme mentor auprès des artistes plus jeunes et fermement résolu à transmettre l'histoire, les formes d'art de son peuple. À titre de directeur, il a animé un atelier de création des motifs traditionnels pour les jeunes Janssen, à la fois à l'atelier de Haida Gwaii et à l'atelier des apprentis sculpteurs dans son atelier de White Rock, en Colombie-Britannique.

Photos : Martin Lipman



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2009 Photo: Neeraj Arora



Les arts du cirque contemporain

Le Centre des Arts présente également des arts du cirque contemporain, qui mêlent jonglage, acrobatie, théâtre et musique. Parmi les spectacles, on peut citer *Le jongleur d'Édimbourg*, de la compagnie d'Édimbourg, qui présente de grandes performances d'acrobatie, de jonglage et de théâtre. La compagnie se fait aussi connaître par une pièce de transmission se déroulant dans les rues de la ville, offrant des cours d'arts aériens pour les 10 à 65 ans. Sur la photo, *Opération Évasion* est un spectacle de jonglage et d'acrobatie aérienne, présenté et interprété par la fascinante et talentueuse argentine Elsa Perini sur le thème Evita, interprétée par Anne-Cécile

Photos : Chaf-foux/Procktor Photography



La troupe The Only Animal

La glace fondante et la neige ont peut-être nui au déroulement des Olympiques d'hiver 2010, mais le décor glacial de *NiX* lui a tenu bon. Cette production de la troupe vancouveroise The Only Animal a été qualifiée d'« épopée glacée qui rappelle à la fois le Cirque du Soleil et Beckett ». La représentation de *NiX* a certainement été l'un des points culminants de l'Olympiade culturelle de 2010. Ce succès est dû en partie à l'atelier grandeur nature qui a permis à l'équipe de peaufiner la production et d'expérimenter les difficultés techniques inhérentes à l'utilisation d'une scène sculptée dans la neige et la glace. L'atelier a été financé par Partenaires dans les arts en développement créatif, un partenariat entre la Colombie-Britannique, le Conseil des Arts du Canada, la Ville de Vancouver, la Vancouver Foundation, le comité organisateur des Jeux paralympiques d'hiver et les Jeux olympiques de 2010 de Vancouver, ainsi que 2010 Legacies Now.

Sur la photo : Lucia Frangione dans *NiX*, écrit et mis en scène par Kendra Fanconi. Photo : Trudie Lee Photography

DIASPORA

Façonner la Banquise, œuvres d'art de l'Ontario, les Arts du Canada acquerraient ces œuvres d'artistes canadiens provenant de diverses communautés culturelles. Jusqu'en septembre 2010, Rideau Hall, la résidence officielle de la gouverneure générale à Ottawa, expose 18 de ces œuvres remarquables, en partenariat avec le Bureau d'œuvre d'art et le Bureau de l'équité. L'exposition *DIASPORA* se veut une vitrine sur le métissage culturel au Canada. Dans les œuvres exposées, les artistes d'origine africaine, asiatique, moyen-orientale ou latino-américaine confrontent leur héritage culturel à la société occidentale et à ses valeurs, tout en explorant les tendances actuelles en arts visuels.

Ci-contre : Fabian Jean, *A New World*, 2008, huile sur toile. Photo : avec l'aimable permission de l'artiste



La Fédération canadienne des métiers d'art

En 2009, le Canada était l'invité d'honneur à la Biennale internationale des métiers d'art de Cheongju, en Corée du Sud. Plus de 200 artistes de la céramique, du verre, du bois ou du textile, des quatre coins du pays, ont représenté le Canada lors de cet événement prestigieux. La Fédération canadienne des métiers d'art, établie à Fredericton, au Nouveau-Brunswick, s'est chargée d'organiser l'exposition de leurs œuvres intitulée *Unité et diversité*. Quelque 70 œuvres ont ensuite été acheminées vers le Musée de Vancouver pour être présentées à l'occasion de l'Exposition internationale de 2010.

Ci-contre : Diane Gaudreau, *Celebration Box*, érable piqué et noyer, South Rustico, I.-P.-E. Photo : Henry Dunsmore





Les Sons Robert Mander

Les Sons est un projet d'art et de science qui a été initié par un professeur de musique et de sciences. Il a pour but de faire découvrir à merveille les spectacles de la science et de la musique. Mander, David, a été invité à donner une série de spectacles de Robert Mander et de ses élèves. L'automne dernier, il a donné des spectacles dans des écoles primaires et secondaires et des universités de l'Ontario : le bien connu *Sound of Science*, le tout nouveau *Like Light Off Water* en compagnie de la poète Daphne Marlatt. Les spectacles sont généralement accompagnés de ateliers d'ateliers qui permettent aux enfants de jouer avec les sons en utilisant différents instruments, dont une série d'instruments à un piano jouet et une série de objets de la vie quotidienne. Avec eux, l'imagination est au pouvoir.

Photos : Nancy Walker

Le Manitoba Theatre for Young People

Au printemps 2009, des dizaines de milliers d'étudiants du secondaire de Saskatoon, de Winnipeg et de nombreuses communautés du nord du Manitoba ont eu la chance de voir *RICH*, une comédie musicale pop-rock, remplie de rap, de hip-hop, de breakdance, de planches à roulettes et de boissons énergétiques. Composée par Olaf Pyttliq et écrite par Vern Thielen (lauréat d'un Prix du Gouverneur général en 2003 pour *Einstein's Gift*), *RICH* met en scène un adolescent qui doit choisir entre la richesse et les vêtements, l'amitié et l'amitié et une plus grande estime de soi. Cette déclinaison du mythe de Faust et de son pacte avec le diable a beaucoup plu aux jeunes, qui ont été très réactifs. Le Manitoba Theatre for Young People présente du théâtre grand public depuis 1982.

Ci-contre : Kimberley Rampersad, Scott Shpele,
Photo : Hubert Pantel

A group of dancers, both men and women, are performing on a stage. They are wearing white leotards and are in various poses, some looking towards the camera and others looking away. The lighting is dramatic, with strong highlights and shadows. The background is dark, making the dancers stand out.

L'Alfreda Miller

Àu printemps 2010, le directeur artistique de l'Alfreda Miller, Jean Grand-Maitre, a organisé une rencontre avec les artistes et... Elton John. Le spectacle *Elton John's Elevation*, auquel Elton John a collaboré, est une œuvre d'art. Les danseurs expriment de la musique et du mouvement. Avant lui, en 2007, le spectacle *The Great Mito* avait travaillé de concert avec Jean Grand-Maitre pour créer le spectacle *The Great Mito*, qui a été présenté à l'ouverture des Olympiques d'hiver de 2010. Elton John a collaboré avec Jean Grand-Maitre.

Photo : Dona d Lee

Semaine scolaire paralympique

Partout au pays, les écoliers ont applaudi les athlètes canadiens qui ont participé aux Jeux paralympiques de 2010. Ce faisant, les enfants ont appris le sens du mot inclusion et compris ce que signifie refuser les stéréotypes ou relever des défis. La Semaine scolaire paralympique et le guide d'accompagnement fourni aux éducateurs ont donné l'occasion à des centaines d'écoles de recevoir la visite d'athlètes paralympiques à titre de conférenciers motivateurs, et d'organiser leurs propres jeux paralympiques, des activités créatives et des collectes de fonds. La Commission canadienne pour l'UNESCO, qui œuvre sous l'égide du Conseil des Arts, a soutenu le programme de la Semaine scolaire paralympique pancanadienne, présentée par le ministère de l'Éducation de la Colombie-Britannique et le Comité olympique de Vancouver et le Comité paralympique canadien.

Sur la photo : élèves de l'école primaire Carisbrooke, à North Vancouver, en Colombie-Britannique. Photo : Kim Stallknecht



Festivals photographiques en Colombie-Britannique

Besoin d'essence pour votre voyage du matin? Chaque année, quatre photographes du métro de Toronto – 100 personnes – peignent leur œuvre sur quelques-uns des plus beaux photographes canadiens, présentés sur un an dans 50 stations. Cette œuvre est le résultat d'un projet de l'art Photography Festival, qui existe depuis 14 ans et qui, un mois par année, tapisse la ville de photographes. Mais les galeries, universités, écoles, etc., s'y rattachent en tant que lieux d'exposition, de conférences et d'ateliers. Des œuvres de la série de l'art festival, intitulée *Establishing Shots*, ont été présentées de l'exposition de l'art festival, qui a été présentée à l'Université de la Colombie-Britannique, à Vancouver, et à la galerie d'art de la Banque d'Art de la Colombie-Britannique.

Ci-contre : Toni Hafkenscheid
Gas Station, Hope, B.C. 2008



Tradition en force

L'art traditionnel du chant guttural nuit, le *Kattajjaq*, est toujours vivant dans le Nord canadien, en partie grâce à des organismes comme l'Institut culturel Avataq. À l'automne 2009, Avataq a invité les chanteurs du Nord à Saint-Jean dans le Nouveau-Québec (Nunavik). Qu'ils soient jeunes et émergents, à mi-chemin de leur carrière ou aînés, tous étaient surpris à un point de chant et d'apprentissage en commun. Tout comme deux interprètes de chants gutturaux dont les voix se répondent et alternent pour créer une riche texture sonore, les chanteurs traditionnels et plus expérimentaux ont pu échanger en se nourrissant du savoir des autres. L'artiste de création parlée (*spoken word*) et chanteuse gutturale de renommée internationale Jagger K Partridge, lauréate de plusieurs prix, a travaillé à l'organisation de l'événement et y a participé.

Sur les photos : les aînés de Baker Lake Mary Anowtalik et Eva Mukjunik avec la chanteuse gutturale d'Iqaluit, Celina Kalluk. Photos : Michel Patry avec l'aimable permission d'Avataq



Kevin Loring

Le drame *Where the Blood Mixes* de Kevin Loring, dont l'action se déroule dans un tout petit village de la Colombie-Britannique et qui a pour thèmes la réconciliation et la rédemption, a touché es gens partout au Canada. La pièce raconte l'histoire des retrouvailles d'un père et de sa fille adulte qui, lorsqu'elle était enfant, a été prise en charge par les services sociaux. La première de la pièce a eu lieu le jour même où le gouvernement du Canada présentait des excuses officielles aux Autochtones du Canada pour les dommages causés par le système de pensionnats, et l'œuvre est en tournée nationale depuis ce moment. Kevin Loring, acteur et dramaturge de la première Nation Nlaka'pamux de Lytton, en Colombie-Britannique, a remporté un Prix littéraire du Gouverneur général pour cette pièce en 2009. En février, elle a été présentée à Vancouver, dans le cadre de l'Olympiade culturelle de 2010.

Sur la photo : Kim Harvey et Billy Merasty, dans *Where the Blood Mixes*. Photo : David Cooper



Harvey

En 2009, pour la première fois dans l'histoire des Prix littéraires du Gouverneur général (GG), un même ouvrage a remporté un prix dans les deux catégories de littérature jeunesse (texte et illustrations) : *Harvey*, de l'auteur Hervé Bouchard et de l'illustratrice Janice Nadeau, qui remportait son troisième GG. *Harvey*, publié aux éditions de la Pastèque, à Montréal, raconte le désarroi d'un jeune garçon confronté à la mort de son père. « L'auteur nous bouleverse par son écriture tout à la fois surprenante et d'une extrême sensibilité, a déclaré le jury, et l'illustratrice offre un éventail de trouvailles qui racontent admirablement la tristesse du printemps et la mélancolie de la perte. »



Word On The Street

Chaque dernier dimanche de septembre, certaines rues d'Halifax, de Kitchener, de Toronto et de Vancouver se remplissent de livres afin de célébrer le festival Word On The Street. Les lecteurs passent des heures à bouquiner sous le soleil, participent à des ateliers de création et assistent aux lectures d'auteurs canadiens. Ils en profitent également pour se procurer les dernières parutions : recueils de poésie, romans policiers, livres pour enfants, guides des pratiques, magazines, tout y est ! L'an dernier, 275 000 Canadiens ont participé à l'événement. L'édition 2010 s'annonce tout aussi populaire, d'autant plus que la ville de Saskatoon aura désormais elle aussi son Word On The Street.

Photos : John Izatt (ci-contre), Rich Freedman (ci-dessous), Tom Sandler (ci-dessous, à droite)



Festival de musique de Gros Morne

Si vous vous rendez sur la côte ouest de Terre-Neuve pendant l'été, vous verrez des danseurs marcher sur l'eau, des musiciens professionnels jouer aux côtés d'amateurs et des spectateurs prendre part à des spectacles interdisciplinaires. Faire tomber les murs qui subsistent entre le public, les artistes et l'environnement est une des habitudes du Gros Morne Summer Music un festival de cinq semaines qui a lieu depuis sept ans dans différentes communautés rurales de Terre-Neuve. L'événement est fondé sur la conviction qu'un art de qualité est essentiel à l'épanouissement des communautés et qu'il peut être un moyen de créer des liens qui créent un projet de société. Cette année, le festival présentera entre autres *The Same River Twice*, une allégorie sur la relation entre l'être humain et son environnement

Sur la photo : Min Zse Wu et Megan Casper
Photo : Nance Ackerman



ImagineNATIVE

De plus en plus, les artistes autochtones sont ceux sur qui se fixe l'attention dans le domaine des arts cinématographiques et médiatiques au Canada. Chaque année, leur talent rayonne dans le cadre du ImagineNATIVE Film and Media Arts Festival de Toronto. Ce festival, qui existe depuis 10 ans, rassemble la crème des cinéastes et artistes de la vidéo autochtones et leur permet de prendre contact avec des programmeurs, des acheteurs et des professionnels de l'industrie. Au nombre des lauréats du festival de 2009 se trouve le cinéaste cri Archer Pechawis, de la Première Nation Mistawasis, en Saskatchewan. Archer Pechawis a été salué pour l'œuvre expérimentale *Horse*, une reconstitution imaginaire de l'Ouest par la voix, le tambour, la vidéo et le violoncelle

Photo : Archer Pechawis, diapositive tirée de *Horse*, vidéo, 10 minutes, 2007

Nikki Chooi

Natif de Victoria, Nikki Chooi est l'un des musiciens de talent qui insuflent une nouvelle vie aux splendides instruments de la Banque d'instruments de musique (BIM) du Conseil des Arts du Canada. À l'âge de 20 ans, il est le plus jeune gagnant du concours de violoncelle de la BIM, le cadre duquel il a remporté le prêt du violon Guarneri del Gesù de 1729, évalué à 4 millions de dollars. Au cours des trois prochaines années, le violon l'accompagnera dans les plus grandes salles de concert du Canada et de l'étranger. En octobre 2009, Nikki Chooi a interprété le thème du film *La liste de Schindler* lors de la cérémonie de remise de la médaille de la liberté du National Constitution Center à Philadelphie, devant un auditoire d'invités distingués, notamment le cinéaste Steven Spielberg et l'ancien président Bill Clinton

Photo : Stephanie Lake

Les livres

À l'instar des astronautes canadiens Julie Payette et Robert Thirsk, deux livres lauréats d'un Prix littéraire du Gouverneur général (GG) se sont retrouvés dans l'espace à l'été 2009 : *Deux pas vers les étoiles* de Jean Rock Gaudreault et *Airborn* de Kenneth Oppel. À la demande de l'Agence spatiale canadienne (ASC), le Conseil des Arts du Canada a remis ces livres à Robert Thirsk qui voulait les emporter dans sa trousse de vol officielle, puisqu'il est l'un des descendants de Sir John Buchan, le gouverneur général qui a instauré les GG en 1931

Photo : avec l'aimable permission de l'ASC et de la NASA

Une régie responsable est la clé du rendement, de l'efficacité et de la transparence, et est cruciale au maintien de la confiance du public.

Gouvernance

Mandat du conseil d'administration

Le Conseil des Arts du Canada est régi par un conseil d'administration composé d'un président, d'un vice-président et de neuf autres membres de différentes régions du Canada. Chaque membre est nommé par le gouverneur en conseil pour une période déterminée. Le conseil d'administration, qui se réunit au moins trois fois par année, est responsable des politiques, des programmes et des budgets du Conseil, ainsi que des décisions relatives aux subventions.

En leur qualité de gestionnaires de l'organisme, les membres du conseil d'administration veillent à la régie de l'organisme. Le conseil d'administration doit surveiller les affaires du Conseil des Arts, diriger les cadres supérieurs et s'assurer que tous les grands dossiers touchant le Conseil des Arts font l'objet d'un examen approprié. Le conseil d'administration rend compte de ses activités au Parlement par l'entremise du ministre du Patrimoine canadien.

Les responsabilités des membres du conseil d'administration incluent :

- ✱ établir, approuver et examiner les politiques générales et les programmes du Conseil des Arts du Canada;
- ✱ approuver la répartition du budget entre les différentes disciplines et selon les différents objectifs et programmes;
- ✱ surveiller l'efficacité des programmes et l'intégrité du système d'évaluation par les pairs;
- ✱ autoriser l'attribution de subventions soit directement soit en vertu de pouvoirs délégués;
- ✱ représenter le Conseil à des événements publics et dans le cadre d'autres activités et expliquer au milieu artistique, aux dirigeants nationaux, provinciaux et locaux ainsi qu'au grand public le rôle du Conseil des Arts en matière de soutien aux arts.

Des renseignements plus détaillés sur les rôles et les responsabilités du conseil d'administration sont disponibles dans la Politique de gouvernance et les Règlements administratifs du Conseil des Arts.

Points saillants

En 2009-2010, le conseil d'administration a :

- ✱ tenu trois réunions à Ottawa et une à Moncton, au Nouveau-Brunswick;
- ✱ tenu sa deuxième assemblée publique annuelle à Moncton, au Nouveau-Brunswick;
- ✱ approuvé la Politique de gouvernance et les Règlements administratifs révisés du Conseil des Arts du Canada;
- ✱ approuvé la politique révisée en matière d'évaluation des pairs;
- ✱ approuvé l'aperçu financier annuel et les états financiers;
- ✱ approuvé le plan de vérification interne axé sur le risque;
- ✱ approuvé le budget annuel des revenus, des subventions, des services et de l'administration;
- ✱ examiné la composition des comités du conseil d'administration;
- ✱ approuvé les principales modifications de programme et les subventions de plus de 100 000 \$;
- ✱ examiné le cadre de gestion intégrée du risque et le profil de risque de l'organisme.

Autonomie du conseil d'administration

Tous les membres du conseil d'administration sont des administrateurs indépendants. Leur indépendance est fondamentale, car elle assure une reddition de comptes efficace et une saine régie. Bien que le directeur et chef de la direction et les cadres supérieurs de l'organisme assistent aux réunions du conseil d'administration afin de fournir de l'information et de rendre compte des activités de l'organisme, seuls les membres du conseil d'administration peuvent voter et prendre des décisions. Les comités du conseil d'administration se composent de membres du conseil et incluent parfois des experts externes sélectionnés selon leurs connaissances et leur champ d'expertise.

Planification stratégique et institutionnelle

Le conseil d'administration est tenu de suivre de près et d'approuver les politiques générales du Conseil des Arts, de formuler ses orientations

stratégiques de même que d'élaborer et d'approuver le plan d'entreprise du Conseil et d'en évaluer la mise en application.

Le plan d'entreprise porte sur les activités et affaires du Conseil et il établit les priorités, les objectifs, les stratégies, les indicateurs de rendement et les résultats escomptés. L'actuel plan d'entreprise a été approuvé par le conseil d'administration en octobre 2008 pour la période de 2008-2009 à 2010-2011. Le résumé est affiché sur le site du Conseil des Arts du Canada (www.conseildesarts.ca/aproposdenous).

Les cadres supérieurs présentent au conseil d'administration un rapport qui rend compte du rendement du Conseil par rapport aux objectifs fixés dans le plan d'entreprise ainsi que des résultats obtenus au cours de l'année. Cette surveillance régulière du rendement de l'organisme facilite la prise de décisions du conseil d'administration et lui fournit un cadre de responsabilisation pour les activités du Conseil.

En janvier 2010, le Conseil a entrepris une nouvelle étape de la planification stratégique qui donnera lieu à un nouveau plan stratégique et plan d'entreprise pour 2011-2014. Le processus de planification stratégique, qui se déroulera tout au long de 2010-2011, comprendra les consultations du personnel, du conseil d'administration et de diverses parties intéressées, et il comportera un rapport exhaustif sur la mise en œuvre et les résultats du Plan stratégique 2008-2011.

Gestion des risques

Le conseil d'administration cerne et évalue régulièrement les principaux risques inhérents aux activités du Conseil et au contexte dans lequel ce dernier évolue. Il veille à ce que les mesures appropriées de surveillance et de gestion de ces risques soient mises en place. Pour ce faire, le conseil demande aux cadres supérieurs de lui présenter des dossiers de synthèse et prend connaissance des rapports des vérificateurs internes et externes.

En 2009-2010, un cadre de gestion des risques de l'entreprise a été élaboré. Les processus visant à assurer une surveillance et des rapports réguliers seront mis en œuvre en 2010-2011.

Critères de la conduite professionnelle et éthique

À titre de titulaires de charges publiques fédérales, les membres du conseil d'administration sont tenus de se conformer à la *Loi sur les conflits d'intérêts*, ainsi qu'au *Code de déontologie des membres du conseil d'administration du Conseil des Arts du Canada* (mis à jour en 2009-2010 dans le cadre de l'examen des règlements administratifs). En 2009-2010, les nouveaux membres du conseil d'administration ont été informés des exigences de ces deux documents par l'entremise de leurs documents d'orientation.

Engagement des membres

Le Conseil des Arts du Canada s'engage à réaliser son mandat d'une manière responsable du point de vue environnemental, social et éthique conformément à ses valeurs et à ses principes.

Afin de respecter cet engagement, le Conseil continuera à :

- ... exercer ses activités avec honnêteté, intégrité et équité;
- ... s'efforcer de réduire son empreinte environnementale en prenant en considération la notion de durabilité dans ses plans, ses programmes, ses activités et ses projets;
- ... offrir un climat organisationnel qui stimule et soutient le rendement et le perfectionnement du personnel.

Il incombe au conseil d'administration de superviser le respect de ces engagements. Les membres du conseil d'administration, tant individuellement que collectivement, doivent veiller à l'intégration des considérations sociales, environnementales et éthiques dans les questions liées au conseil d'administration.

Normes de gestion des ressources humaines

Le conseil d'administration avise le gouvernement des critères pertinents pour la sélection du président de l'organisme, ainsi que des compétences et besoins futurs pour les postes de membre du conseil d'administration et de directeur et chef de la direction.

Le comité de gouvernance et de sélection du conseil d'administration tient à jour un profil des compétences et des champs d'expertise, fondé sur sa connaissance du mandat, des orientations stratégiques, des forces et des faiblesses du Conseil, ainsi que des enjeux fondamentaux et des défis auxquels est confronté l'organisme. Outre l'expérience et l'expertise des candidats dans des domaines tels les finances et la gouvernance, il importe de recommander des personnes qui représentent les groupes linguistiques

officiels, les régions, les différentes générations, les peuples autochtones, la diversité culturelle et l'équité des sexes du Canada.

Le profil des compétences et des champs d'expertise ainsi que des suggestions de candidatures éventuelles sont fournis au ministre du Patrimoine canadien lorsque des postes se libèrent.

Rosemary Vodrey (Winnipeg, Manitoba) a été nommée pour un mandat de quatre ans, débutant le 23 avril 2009. Susan Knight (St. John's, Terre-Neuve-et-Labrador) a été renommée pour un mandat de quatre ans, débutant le 15 septembre 2009. Au 31 mars 2010, aucun poste du conseil d'administration n'était vacant.

Séance d'orientation des membres du conseil d'administration et formation continue

Les nouveaux membres du conseil d'administration reçoivent une séance d'orientation ainsi que des documents d'orientation et, lors de leur première réunion au conseil, ils assistent aux réunions de tous les comités. La documentation qui leur est fournie décrit le rôle du conseil d'administration, de ses comités et de ses membres, ainsi que les politiques et l'information relatives au Conseil des Arts et à sa gestion. Les nouveaux membres rencontrent aussi le groupe exécutif de gestion du Conseil pour discuter des fonctions et des activités clés de l'organisme.

En juin 2009, une séance d'orientation avec la direction a été organisée pour la nouvelle membre du conseil d'administration.

En 2009-2010, un membre du conseil d'administration a assisté au cours Connaissances financières de base dans un contexte gouvernemental, organisé par l'École de la fonction publique du Canada. Un membre a assisté au Commonfund Forum (aux É.-U.), une grande conférence sur les placements à l'intention des administrateurs et des personnes chargées des placements chez des investisseurs institutionnels sans but lucratif. En décembre 2009, une séance d'information sur la gestion du risque a été donnée à tous les membres du conseil d'administration.

Évaluation de rendement du conseil d'administration

Chaque année, sous la direction du comité de gouvernance et de sélection, le conseil d'administration entreprend l'évaluation du rendement de tous ses membres et de tous ses comités. Tout au long de l'année, le conseil d'administration s'emploie à appliquer les recommandations résultant de l'évaluation du conseil.

Processus de nomination des cadres supérieurs

Un processus de recrutement et de dotation conforme aux pratiques et aux principes courants de dotation est en place afin de pourvoir tous les postes de cadres supérieurs. La dotation est effectuée par la Division des ressources humaines ou par une agence de recrutement de cadres. Les profils des postes sont révisés et mis à jour régulièrement, et les avis de postes vacants sont annoncés à l'échelle nationale et affichés sur le site web du Conseil pendant au moins un mois. Les comités de sélection et d'embauche sont formés d'experts ainsi que de représentants de la diversité culturelle du Canada.

En 2009-2010, cinq cadres supérieurs ont été nommés : Arash Mohtashami-Maali, chef du Service des lettres et de l'édition (20 avril 2009); Doug Sigurdson, chef du Service des arts visuels (4 mai 2009); Pierre Pontbriand, chef des Communications stratégiques (11 mai 2009); Vincent Renaud, chef des Médias numériques et des Services de création (19 mai 2009); Robin Ghosh, directeur des Finances et de l'Administration (8 février 2010).

Évaluation de rendement du directeur et chef de la direction

Le directeur et chef de la direction relève du conseil d'administration, à qui il rend compte de ses activités; il exécute les politiques et les directives du conseil; il assiste à ses réunions et à celles de ses comités; et il représente le Conseil des Arts, en personne ou par l'entremise d'un délégué, auprès des ministères, des agences gouvernementales et d'autres organismes. Le directeur et chef de la direction tient le conseil d'administration au courant des facteurs importants ayant une incidence sur la réalisation des objectifs stratégiques du Conseil.

Le conseil d'administration évalue le rendement du directeur et chef de la direction annuellement, conformément au Programme de gestion du rendement des premiers dirigeants de sociétés d'État du Bureau du Conseil privé. Le conseil d'administration communique ensuite les résultats de l'évaluation du rendement du directeur et chef de la direction au ministre du Patrimoine canadien.

Communications avec le ministre du Patrimoine canadien, les parlementaires et les autres intervenants clés

Une saine régie nécessite transparence et responsabilisation. Il incombe au conseil d'administration de veiller à ce que le Conseil des Arts communique de façon efficace avec le ministre et les fonctionnaires du Patrimoine canadien, puisque le Conseil est redevable au Parlement par l'entremise de ce ministère. À titre de société d'État, le Conseil doit aussi communiquer efficacement et en temps opportun avec

Registre des présences aux réunions du Conseil d'administration et des comités du Conseil d'administration

	Conseil	Exécutif	Placements	Vérifications et finances	Gouvernance et sélection
Nbre de réunions	8	8	4	4	5
J.L. Rotman	5	8			
S. Brault	8	8		4	4
B. Burley	8				5
T. Hill	8				5
S. Knight	7				5
L. LaRochelle	8			4	
J. Mazerolle	8			4	
P. Ponting	8				5
A. Porter	7		4	4	
J. Saucier	7		4	4	
R. Vodrey	8	8			

les parlementaires et les autres intervenants clés (le public, les différents ministères et la communauté artistique).

Parmi les différents documents remis par le Conseil au ministre du Patrimoine canadien, aux parlementaires et aux autres intervenants clés en 2009-2010 figurent le Rapport annuel ainsi qu'un aperçu des subventions accordées aux artistes et aux organismes artistiques (un survol national et des profils provinciaux et territoriaux). Ces documents sont affichés sur le site web du Conseil (www.conseil.gc.ca/site/francais/2010/05-2010).

Réunion publique annuelle

Le 30 septembre 2009, le Conseil a tenu sa première assemblée publique annuelle à Moncton, au Nouveau-Brunswick. Il y a alors présenté ses récentes activités et ses plans d'avenir et a recueilli les commentaires des participants. Le directeur et chef de la direction, le président, le vice-président et tous les autres membres du conseil d'administration, ainsi que les cadres supérieurs étaient présents.

Comités du conseil d'administration

Les comités du conseil d'administration améliorent l'efficacité générale du conseil parce qu'ils permettent à leurs membres une concentration, une surveillance et un encadrement accrus de certains secteurs d'activités précis. Le conseil d'administration compte quatre comités permanents : le comité exécutif, le comité de la vérification et des finances, le comité de gouvernance et de sélection¹, et le comité de placements. Les règlements administratifs définissent les rôles et les responsabilités de ces comités ainsi que les exigences qui leur sont imposées en matière de responsabilisation.

Comité exécutif

Le comité exécutif agit au nom du conseil d'administration entre les réunions du conseil (sauf en ce qui a trait à l'approbation ou aux modifications des règlements administratifs, des politiques, des budgets, des états financiers, des subventions ou du rapport annuel).

Composition : Joseph L. Rotman (président), Simon Brault et Rosemary Vodrey.

Points saillants

En 2009-2010, le comité exécutif a :

- examiné et approuvé la version définitive de la politique sur l'évaluation par les pairs révisée (telle que déléguée par le conseil d'administration);
- examiné et recommandé pour approbation l'évaluation de rendement du directeur et chef de la direction.

Comité de la vérification et des finances

Le comité de la vérification et des finances suit de près les rendements financiers obtenus par le Conseil et veille à l'intégrité, à l'efficacité et à l'exactitude des rapports financiers, des systèmes de contrôle, des processus de gestion du risque et des fonctions de vérification du Conseil.

Composition : Simon Brault (président), Luc LaRochelle, Jerry Mazerolle, Anna Porter et Jean Saucier.

Points saillants

En 2009-2010, le comité de la vérification et des finances a examiné :

- les états financiers trimestriels et annuels;
- la proposition de budget annuel;

- les mises à jour des normes en matière de rapports financiers;
- le plan de vérification interne axé sur le risque;
- les rapports de vérification interne sur l'évaluation des risques de la TI, l'élaboration des programmes et l'examen de la protection des renseignements personnels du Système de suivi des arts (SSA);
- le plan de vérification financière annuelle du Bureau du vérificateur général du Canada;
- les mesures pour répondre aux recommandations de l'examen spécial;
- le cadre de gestion des risques et le profil de risque de l'organisme.

Comité de gouvernance et de sélection

Le comité de gouvernance et de sélection voit à la mise en place de structures et de processus appropriés à la supervision et à la direction des activités du Conseil, notamment en établissant des processus d'évaluation du rendement du conseil d'administration; en donnant des séances d'orientation aux nouveaux membres; en examinant régulièrement les règlements administratifs et le cadre de régie de l'organisme; et en maintenant une liste des critères recherchés pour les postes vacants du conseil d'administration afin qu'il soit représentatif des diverses communautés desservies par le Conseil.

Composition : Simon Brault, Barbara Burley (présidents), Thomas V. Hill, Susan Knight et Philip Ponting.

Points saillants

En 2009-2010, le comité de gouvernance et de sélection a :

- révisé la *Politique de gouvernance*, les *Règlements administratifs* et le *Code de déontologie des membres du conseil d'administration* et recommandé leur approbation;
- géré le processus d'évaluation du conseil d'administration;
- supervisé la mise en œuvre d'un portail web pour regrouper l'information du conseil d'administration;
- supervisé la planification de l'assemblée publique annuelle du Conseil;
- examiné et communiqué à Patrimoine canadien le profil des compétences et les champs d'expertise requis pour combler un poste vacant au sein du conseil d'administration.

Comité de placements




Le comité de placements est chargé de surveiller le portefeuille de placements du Conseil et de fournir des conseils d'experts en la matière, dont la recommandation de politiques du conseil d'administration concernant les placements, l'embauche de gestionnaires de fonds pro-

fessionnels et la gestion des activités de ces gestionnaires.

Composition : Anna Porter, Jean Saucier et les experts externes suivants : Tania Willumsen (présidente), Henry W.C. Gibbs, Susan Luke Hill, Ann Marshall, John H. Matthews et William J. Smith.

Points saillants

En 2009-2010, le comité de placements a :

-  suivi de près les placements du Conseil des Arts en cette période de fluctuation des marchés et a régulièrement tenu des réunions avec les gestionnaires pour examiner leur rendement;
-  examiné les catégories d'actif afin de s'assurer que les placements du Conseil sont adéquats;
-  proposé de renommer Henry W.C. Gibbs, à compter du 1^{er} juillet 2009, et de nommer Ann Marshall, à compter du 1^{er} octobre 2009.

Autres comités

Certains membres du conseil d'administration participent aussi à d'autres comités. Susan Knight est membre du comité exécutif de la Commission canadienne pour l'UNESCO, Luc LaRochelle est membre de la Commission du droit de prêt public et Rosemary Vodrey a été nommée au Comité consultatif sur l'équité raciale dans les arts (CCERA).

Rémunération des membres du conseil d'administration

Les membres du conseil d'administration reçoivent une indemnité annuelle et des honoraires calculés selon les barèmes de rémunération recommandés par le gouvernement et approuvés par décret. Pour 2009-2010, le total des paiements versés aux membres du conseil d'administration s'établissait à 93 317 \$.

Rémunération des cadres supérieurs

En ce qui concerne la rémunération des membres du groupe exécutif de gestion, le Conseil des Arts a adopté des échelles salariales équivalant à celles établies par le gouvernement pour tous les postes de niveau EX de la fonction publique fédérale. En 2009-2010, les échelles salariales étaient de 207 700 à 236 200 \$, pour le poste de directeur et chef de la direction du Conseil, et de 98 000 à 160 600 \$ pour ceux des cadres supérieurs.

Au 31 mars 2010, le groupe exécutif de gestion comprenait Robert Sirman, directeur et chef de la direction du Conseil; Michelle Chawla, secrétaire du Conseil et directrice des Initiatives stratégiques; Nicole Doucet, directrice des Disciplines artistiques; Manon Dugal, directrice des Ressources humaines; Robin Ghosh, directeur des Finances et de l'Administration²; John Goldsmith, directeur des Relations avec les par-

tenaires; David A. Walden, secrétaire général de la Commission canadienne pour l'UNESCO; et un poste vacant (directeur des Communications³).

Divulgence proactive

Les frais de voyage et d'hébergement des cadres supérieurs sont affichés sur le site web du Conseil (www.conseilartsducanada.ca/aproposdenous).

Divulgence d'actes fautifs

Le Conseil des Arts a mis en application la *Politique sur la divulgation interne d'information concernant des actes fautifs dans le milieu de travail*, basée sur les exigences de la *Loi sur la protection des fonctionnaires divulgateurs d'actes répréhensibles*, qui s'applique à toute personne du secteur public fédéral, incluant les employés du Conseil des Arts et des autres sociétés d'État. En 2009-2010, aucun acte fautif en milieu de travail n'a été rapporté.

1. Le comité de la régie et le comité de sélection ont été fusionnés pour former un seul comité en juin 2009 dans le cadre de l'examen des règlements administratifs. La composition de tous les comités a été revue par suite de la fusion.
2. William Stevenson a occupé le poste de directeur des Finances et de l'Administration jusqu'en février 2010.
3. Carol Bream a occupé le poste de directrice des Communications jusqu'en décembre 2009.

Biographies des membres du conseil d'administration et du directeur du Conseil des Arts du Canada (au 31 mars 2011)



De gauche à droite : Thomas Hill, Philip Ponting, Barbara Burley, Susan Knight, Robert Sirman, Simon Brault, Joseph Rotman, Rosemary Vodrey, Luc LaRochelle, Anna Porter, Jean Saucier, Jerry Mazerolle. Photos : Martin Lipman, Ned Pratt

Joseph L. Rotman

Joseph L. Rotman est actuellement président de Roy-L Capital Corporation, une société familiale de placement. Il a joué un rôle déterminant dans l'établissement d'un certain nombre d'entreprises privées et publiques, notamment la banque d'investissement canadienne Clairvest Group Inc., dont il est toujours membre du conseil d'administration. Officier de l'Ordre du Canada et fervent défenseur des arts, Joseph Rotman a apporté maintes contributions aux communautés des domaines de l'éducation, de la culture, de l'économie, de la santé et de la recherche. De nombreux organismes ont bénéficié de son généreux leadership et de son soutien financier. Parmi les organismes de beaux-arts, il faut citer le Centre de soins Geriatric Care, les Instituts de recherche en santé au Canada (IRSC), le centre de la découverte MaRS, l'Hôpital de Toronto et l'Université de Toronto. [Nommé le 30 juillet 2008]

Simon Brault, vice-président

Simon Brault est directeur général de l'École nationale de théâtre du Canada depuis 1997. Défenseur des arts depuis plusieurs années, il a notamment été instigateur des Journées de la culture (1997), chef de la délégation culturelle au Sommet de Montréal (2001) et que maître d'œuvre et président du comité de pilotage de RV07 — Montréal, métropole culturelle (2007). Simon Brault est aussi membre fondateur et président de Culture Montréal. En 2008, il a reçu le Prix Keith-Kelly pour le leadership culturel de la Conférence canadienne des arts. Il est Officier de l'Ordre du Canada [Nommé de nouveau le 31 mars 2011]

Conservateur, écrivain, historien de l'art, artiste et directeur de l'Institut canadien de l'art, Joseph L. Rotman est un homme d'affaires et un homme d'art. Premier conservateur d'art autochtone au Canada, il a dirigé, pendant plus de 20 ans, le musée du Woodland Cultural Centre, près de Brantford, en Ontario. En 2004, il a reçu un Prix du Gouverneur général en arts visuels et en arts médiatiques pour sa contribution exceptionnelle aux arts visuels du Canada et un doctorat honorifique de l'Université Wilfrid Laurier [Nommé de nouveau le 29 janvier 2008]

Susan Knight, directrice artistique de l'Orchestre symphonique de la Nouvelle-Écosse, est une artiste internationale et directrice artistique de Shallaway (anciennement la Newfoundland Symphony Youth Choir), chorale qu'elle a fondée en 1992. En 1994, elle a instauré le Festival 500, une biennale de chorales internationale à St. John's qu'elle a lancée comme moyen d'affirmation culturelle et de renouveau économique pour sa province. Elle est membre de l'Ordre du Canada et de l'Order of Newfoundland and Labrador [Nommée de nouveau le 15 septembre 2009]

Barbara Burley, vice-présidente

Barbara Burley possède une expérience vaste et diversifiée de la gestion au sein du secteur public et dans le domaine du bénévolat. Elle a été sous-ministre adjointe au ministère des Services communautaires de la Nouvelle-Écosse jusqu'à sa retraite, en 2004. Elle a ensuite déménagé au Nouveau-Brunswick où elle s'est impliquée bénévolement entre autres dans le milieu des arts, en devenant vice-présidente du conseil

d'administration du Sunbury Shores Art and Nature Centre, membre du conseil d'administration du Musée mémorial Ross de St. Andrews, N.-B., présidente du Centre d'histoire et de culture Musicales de St. John's et directrice de la chorale The Shiretown Singers. [Nommée le 3 décembre 2007]

Jean Saucier est conseiller en placements chez BMO Nesbitt Burns depuis 13 ans. Son engagement dans le domaine des arts remonte à 1995. Il a siégé aux conseils d'administration de la revue *Vie des Arts* (1995-2007) et du Musée d'art contemporain de Montréal (1999-2007), et il a été président de la Fondation du musée (1999-2006) et vice-président du Festival international des films sur l'art (2002-2007). [Nommé le 3 décembre 2007]

Anna Porter possède une vaste expérience du milieu de l'édition. Elle a occupé plusieurs postes de direction au sein de maisons d'édition renommées avant de fonder Kev Porter Books dont elle a été présidente et directrice générale ainsi qu'éditrice en chef jusqu'en 2006. Auteure primée, elle est Officier de l'Ordre du Canada et récipiendaire de l'Ordre de l'Éducation pour sa contribution à la promotion des auteurs canadiens sur le marché international. Anna Porter a siégé aux conseils d'administration de plusieurs grandes sociétés. [Nommée le 29 janvier 2011]

Après avoir travaillé pendant plus de 10 ans dans le secteur de l'édition, Anna Porter a rejoint le conseil d'administration de la

Fédération des caisses populaires acadiennes. Il a également exercé les fonctions de conseiller au sein du Conseil de la magistrature du Nouveau-Brunswick (1999-2006). Il est actuellement trésorier des Jeunesses musicales du Nouveau-Brunswick et siège au conseil d'administration de la radio communautaire Radio Péninsule (CKRO). [Nommé le 26 février 2008]

Luc LaRoche, Québec

Luc LaRoche est avocat-conseil au sein du cabinet d'avocats national Borden Ladner Gervais et il siège aux conseils d'administration de plusieurs sociétés. Il est, depuis de nombreuses années, un averse collectionneur d'art visuel, et sa collection est représentée dans la majorité des musées du Québec. Ancien membre du conseil d'administration de la revue *Vie des Arts* et de l'Association des collections d'entreprises du Québec, il a donné de nombreuses conférences sur le droit et les arts visuels. Il a publié cinq livres, et ses nouvelles et ses poèmes ont été publiés dans des revues littéraires au Québec, en Ontario et en France. [Nommé le 18 juin 2008]

Philip G. Ponting, Alberta

Menant une carrière en droit depuis 35 ans, Philip G. Ponting est actuellement associé principal au bureau de Calgary du cabinet McLennan Ross, où il pratique le droit administratif et, principalement, le droit du travail. Il a contribué aux arts de manière importante et il a siégé aux conseils d'administration de l'Edmonton Concert Hall Foundation et de l'Alberta Performing Arts Stabilization Fund, ainsi qu'aux conseils des gouverneurs du Banff Centre et de l'Edmonton Aviation Historical Society. Il a également fait partie de l'Edmonton Symphony Society de 1986 à 1996. [Nommé le 16 février 2009]

Rosemary L. Vodrey, Manitoba

Rosemary L. Vodrey possède une vaste expérience de travail au sein de la communauté culturelle du Manitoba. Elle a été représentante à l'Assemblée législative du Manitoba de 1990 à 1999 et a occupé divers postes au cabinet, notamment celui de ministre de la Culture, du Patrimoine et de la Citoyenneté. À ce titre, elle a été responsable du Conseil des arts du Manitoba de 1997 à 1999. Elle est actuellement membre du conseil d'administration du Western Canada Aviation Museum. Rosemary Vodrey a étudié en psychologie et en droit. [Nommée le 23 avril 2009]

Robert Sirman, directeur et chef de la direction

Avant son arrivée au Conseil des Arts, Robert Sirman a été conseiller en politique du premier ministre de la Culture de l'Ontario pendant cinq ans; directeur des opérations et directeur de la recherche et de la politique au Conseil des arts de l'Ontario pendant 10 ans; et codirecteur général de l'École nationale de ballet du Canada pendant 15 ans. Durant ses années à la direction de l'École de ballet, Robert Sirman a établi un programme de développement des investissements qui a permis de tripler la superficie de l'École et qui a remporté de nombreux prix nationaux et internationaux. Sous sa direction, le Conseil des Arts a entrepris le processus de planification stratégique le plus exhaustif de son histoire; s'est engagé, à la suite d'un examen d'un an de sa structure organisationnelle, dans une importante réorganisation interne; et a subi avec succès son premier examen spécial du Bureau du vérificateur général. [2^e mandat à partir du 26 juin 2010]

La direction du Conseil des Arts

(au 31 mars 2010)

Bureau du directeur

Robert Sirman,
Directeur et chef de la direction*

Michelle Chawla, secrétaire du Conseil*
et directrice, Initiatives stratégiques

John Goldsmith, directeur*
Relations avec les partenaires

David Walden, secrétaire-général*
Commission canadienne pour l'UNESCO

Initiatives stratégiques

Sheila James, coordonnatrice
Équité

Claire McCaughey, gestionnaire
Recherche

Louise Profeite-LeBlanc, coordonnatrice
Arts autochtones

Kelly Wilhelm, coordonnatrice
Partenariat et réseaux

Disciplines artistiques

Nicole Doucet, directrice*

Lolita Boudreault,
Secrétaire-générale par intérim
Commission du droit de prêt public

Youssef El-Jaï, chef
Arts médiatiques

Roger Gaudet, chef
Théâtre

Donna Gazale, chef par intérim
Services aux arts

Russell Kelley, chef
Musique

Kelly Langgard, coordonnatrice
Promotion de la diffusion

Arash Mohtashami-Maali, chef
Lettres et éditions

Claude Schryer, coordonnateur
Inter-arts

Doug Sigurdson, chef
Arts visuels

Anne Valois, chef
Danse

Communications

Joanne Larocque-Poirier,
Directrice par intérim*

Victoria Henry, directrice
Banque d'œuvres d'art

Janet Riedel Pigott, chef par intérim
Prix et dotations

Pierre Pontbriand, chef
Communications Stratégiques

Vincent Renaud, chef
Médias numériques et services de création

Finances et administration

Robin Ghosh, directeur*

Carole Boileau, chef
Finances

Luc Charlebois, chef
Planification financière

Pierre Crispin, gestionnaire
Services administratifs

Daniel Plouffe, chef
Service de gestion de l'information

Ressources humaines

Manon Dugal, directrice*

*Membres du groupe exécutif de gestion

Indicateurs artistiques

22 700 \$

revenu annuel moyen d'un artiste; moyenne nationale de 36 300 \$ (Recensement de 2006)

609 000

nombre de personnes employées dans le secteur artistique et culturel (Statistique Canada, 2006)

45,1 milliards \$

retombées des arts et de la culture sur l'économie canadienne (Statistique Canada, 2008)

652

nombre de collectivités dans lesquelles des artistes et des organismes artistiques ont reçu une aide financière du Conseil des Arts (2009-2010)

23 %

augmentation du nombre d'artistes, de 1996 à 2006 (Recensements)

0,08 %

pourcentage du budget du Conseil par rapport aux dépenses totales du gouvernement fédéral (2008-2009)

5,43 \$

coût annuel du Conseil par Canadien (2009-2010)

158,4 millions \$

investissement direct du Conseil dans les arts (2009-2010)

86 %

pourcentage des Canadiennes et des Canadiens ayant assisté à un événement culturel ou artistique au cours de la dernière année (Ministère du Patrimoine canadien, 2007)

90 %

pourcentage des Canadiennes et des Canadiens qui croient que la présence de lieux de spectacle dans leur collectivité contribue à améliorer leur qualité de vie (Ministère du Patrimoine canadien, 2007)

« Les programmes du
Conseil des Arts du Canada
sont conformes aux priorités
des Canadiennes et des
Canadiens. »

États financiers

Responsabilité de la direction à l'égard des états financiers

Les états financiers ci-joints du Conseil des Arts du Canada et toute l'information comprise dans le rapport annuel sont la responsabilité de la direction et ont été approuvés par le conseil d'administration.

Les états financiers ont été établis par la direction conformément aux principes comptables généralement reconnus du Canada. Lorsque plusieurs méthodes comptables s'appliquent, la direction a choisi celles qui lui semblaient les plus appropriées vu les circonstances. Les états financiers contiennent des montants fondés sur des estimations effectuées par la direction basées sur l'expérience et le jugement. La direction a déterminé des montants de façon raisonnable pour que les états financiers donnent une image fidèle de la situation financière. La direction a préparé l'information financière présentée dans le reste du rapport annuel et s'est assurée que cette information concorde avec celle que contiennent les états financiers.

Le Conseil des Arts du Canada s'est doté de systèmes de contrôle interne comptable et administratif de qualité supérieure et dont le coût est raisonnable. Ces systèmes ont pour but de fournir une assurance raisonnable que l'information financière fournie est pertinente, fiable et exacte, et que les actifs de l'organisme sont comptabilisés et protégés adéquatement.

Les membres du conseil d'administration sont responsables de la gestion des opérations et des activités du Conseil des Arts du Canada et doivent notamment veiller à ce que la direction s'acquitte de ses responsabilités en ce qui a trait aux rapports financiers et aux contrôles internes. Ils confient cette tâche au comité de la vérification et des finances, composé de membres qui ne sont pas des employés du Conseil des Arts du Canada. Le comité de la vérification et des finances rencontre régulièrement les membres de la direction, les vérificateurs internes et la vérificatrice générale du Canada. Le comité soumet ses constatations à l'examen du conseil d'administration lorsque celui-ci approuve les états financiers.

Le vérificateur indépendant, soit la vérificatrice générale du Canada, vérifie les états financiers du Conseil des Arts du Canada, sur lesquels elle émet un rapport.

Le 28 mai 2010

Le directeur,



Robert Sirman

Le dirigeant principal des finances,



Robin Ghosh, CA, CPA



Auditor General of Canada
Vérificatrice générale du Canada

RAPPORT DU VÉRIFICATEUR

Au Conseil des Arts du Canada
et au ministre du Patrimoine canadien et des Langues officielles

J'ai vérifié le bilan du Conseil des Arts du Canada au 31 mars 2010 et les états des résultats, du résultat étendu, des variations des capitaux propres et des flux de trésorerie de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction du Conseil. Ma responsabilité consiste à exprimer une opinion sur ces états financiers en me fondant sur ma vérification.

Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À mon avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière du Conseil au 31 mars 2010 ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada. Conformément aux exigences de la *Loi sur la gestion des finances publiques*, je déclare qu'à mon avis ces principes ont été appliqués de la même manière qu'au cours de l'exercice précédent.

De plus, à mon avis, les opérations du Conseil dont j'ai eu connaissance au cours de ma vérification des états financiers ont été effectuées, à tous les égards importants, conformément aux dispositions pertinentes de la partie X de la *Loi sur la gestion des finances publiques*, à la *Loi sur le Conseil des Arts du Canada* et aux règlements administratifs du Conseil.

Pour la vérificatrice générale du Canada,

Sylvain Ricard, CA
vérificateur général adjoint

Ottawa, Canada
Le 28 mai 2010

Bilan

Au 31 mars (en milliers de dollars)

	2010	2009
Actif		
À court terme		
Trésorerie et équivalents de trésorerie	1 026 \$	9 829 \$
Créances	1 669	1 296
Frais payés d'avance	217	605
Instruments financiers dérivés (note 7)	3 761	10
	6 673	11 740
Placements (note 8)	265 554	229 073
Œuvres d'art et instruments de musique (note 10)	20 710	20 165
Autres immobilisations (note 11)	2 651	3 071
Total de l'actif	295 588 \$	264 049 \$
Passif		
À court terme		
Subventions à payer	26 452 \$	30 387 \$
Créditeurs et charges à payer	2 971	3 227
Instruments financiers dérivés (note 7)	13	96
Crédits parlementaires reportés	37	43
	29 473	33 753
Produits reportés	2 452	2 792
Avantages sociaux futurs (note 12)	2 192	2 124
Total du passif	34 117	38 669
Capitaux propres		
Surplus d'apport (note 13)	50 000	50 000
Bénéfices non répartis	12 715	13 317
Cumul des autres éléments du résultat étendu (note 14)	11 301	(24 847)
	24 016	(11 530)
Réserve découlant de la capitalisation des produits financiers	166 745	166 745
Réserve pour l'investissement dans des œuvres d'art et des instruments de musique	20 710	20 165
	187 455	186 910
Total des capitaux propres	261 471	225 380
Total du passif et des capitaux propres	295 588 \$	264 049 \$

Obligations et engagements contractuels (note 18)

(Les notes afférentes et les tableaux complémentaires font partie intégrante des états financiers.)

Pour le conseil d'administration :

Le président,

Le vice-président,



Joseph L. Rotman



Simon Brault

Etat des résultats

Exercice se terminant le 31 mars (en milliers de dollars)

	2010	2009
Produits		
Produits financiers nets (note 15)	7 825 \$	5 398 \$
Produits nets de la Banque d'œuvres d'art (note 16)	404	395
Autres produits	2 855	2 457
Total des produits	11 084	8 250
Charges		
Programmes		
Subventions (tableau 1)	158 390	158 186
Administration (tableau 2)	12 512	12 452
Services	5 726	5 404
	176 628	176 042
Commission canadienne pour l'UNESCO (note 16)	2 005	2 521
Administration générale (tableau 2)	15 592	14 349
Total des charges	194 225	192 912
Coût d'exploitation net avant le crédit parlementaire	183 141	184 662
Crédit parlementaire	183 122	182 242
Résultats nets de l'exercice	(19) \$	(2 420) \$

(Les notes afférentes et les tableaux complémentaires font partie intégrante des états financiers.)

Etat du résultat étendu

Exercice se terminant le 31 mars (en milliers de dollars)

	2010	2009
Résultats nets de l'exercice	(19) \$	(2 420) \$
Autres éléments du résultat étendu		
Actifs financiers disponibles à la vente		
Gains latents (pertes latentes) sur les actifs financiers non affectés disponibles à la vente au cours de l'exercice	17 598	(58 167)
Reclassement à l'état des résultats des pertes réalisées au cours de l'exercice	8 525	811
Variation nette des gains latents (pertes latentes) liés aux actifs financiers disponibles à la vente	26 123	(57 356)
Apports affectés provenant de non-propriétaires		
Gains latents (pertes latentes) sur les apports de non-propriétaires au cours de l'exercice	6 518	(21 242)
Reclassement à l'état des résultats des pertes réalisées au cours de l'exercice	3 450	401
Dons de non-propriétaires reçus au cours de l'exercice	1 287	-
Produits financiers nets attribués aux non-propriétaires	1 621	537
Utilisation des fonds attribués aux non-propriétaires	(2 851)	(3 068)
Variation nette des gains latents (pertes latentes) liés aux apports provenant de non-propriétaires	10 025	(23 372)
Résultat étendu de l'exercice	36 129 \$	(83 148) \$

(Les notes afférentes et les tableaux complémentaires font partie intégrante des états financiers.)

Etat des variations des capitaux propres

Exercice se terminant le 31 mars (en milliers de dollars)

	2010	2009
Capitaux propres		
Surplus d'apport (note 13)	50 000 \$	50 000 \$
Bénéfices non répartis		
Solde au début de l'exercice	13 317	13 796
Résultats nets de l'exercice	(19)	(2 420)
Somme affectée de la réserve découlant de la capitalisation des produits financiers au cours de l'exercice	-	2 000
Somme affectée à la réserve pour l'investissement dans des œuvres d'art et des instruments de musique au cours de l'exercice	(583)	(59)
Solde à la fin de l'exercice	12 715	13 317
Cumul des autres éléments du résultat étendu (note 14)		
Pertes latentes nettes sur les actifs financiers disponibles à la vente		
Solde au début de l'exercice	(77 090)	(19 734)
Autres éléments du résultat étendu de l'exercice	26 123	(57 356)
Solde à la fin de l'exercice	(50 967)	(77 090)
Apports affectés provenant de non-propriétaires		
Solde au début de l'exercice	52 243	75 615
Autres éléments du résultat étendu de l'exercice	10 025	(23 372)
Solde à la fin de l'exercice	62 268	52 243
Total du cumul des autres éléments du résultat étendu	11 301	(24 847)
Total des bénéfices non répartis et du cumul des autres éléments du résultat étendu	24 016	(11 530)
Réserves		
Réserve découlant de la capitalisation des produits financiers		
Solde au début de l'exercice	166 745	168 745
Somme affectée aux bénéfices non répartis au cours de l'exercice	-	(2 000)
Solde à la fin de l'exercice	166 745	166 745
Réserve pour l'investissement dans des œuvres d'art et des instruments de musique		
Solde au début de l'exercice	20 165	20 118
Cessions nettes au cours de l'exercice	(38)	(12)
Somme affectée des bénéfices non répartis au cours de l'exercice	583	59
Solde à la fin de l'exercice	20 710	20 165
Total des réserves	187 455	186 910
Solde des capitaux propres à la fin de l'exercice	261 471 \$	225 380 \$

(Les notes afférentes et les tableaux complémentaires font partie intégrante des états financiers.)

Etat des flux de trésorerie

Exercice se terminant le 31 mars (en milliers de dollars)

	2010	2009
Activités d'exploitation		
Résultats nets de l'exercice	(19) \$	(2 420) \$
Éléments sans incidence sur la trésorerie et les équivalents de trésorerie		
Produits tirés des apports de non-proprétaires capitalisés	(1 230)	(2 531)
Pertes sur cession d'actifs financiers classés comme étant disponibles à la vente	4 903	977
Dépréciation d'actifs financiers classés comme étant disponibles à la vente	6 549	-
Pertes (gains) de change sur cession d'actifs financiers classés comme étant disponibles à la vente	13	(16)
Amortissement – autres immobilisations	968	1 048
Avantages sociaux futurs	68	179
	11 252	(2 763)
Variation des éléments hors trésorerie de l'actif et du passif liés à l'exploitation (note 17)	(8 356)	(9 431)
Rentrées (sorties) de fonds liées aux activités d'exploitation	2 896	(12 194)
Activités de financement		
Apports reçus de non-proprétaires	1 287	-
Activités d'investissement		
Achat de placements	(43 917)	(55 664)
Vente de placements	32 061	60 594
Acquisition d'autres immobilisations, d'œuvres d'art et d'instruments de musique	(1 130)	(719)
(Sorties) rentrées de fonds liées aux activités d'investissement	(12 986)	4 211
Diminution de la trésorerie et des équivalents de trésorerie	(8 803)	(7 983)
Trésorerie et équivalents de trésorerie au début de l'exercice	9 829	17 812
Trésorerie et équivalents de trésorerie à la fin de l'exercice	1 026 \$	9 829 \$
Représentés par :		
Équivalents de trésorerie (note 6)	4 501 \$	8 199 \$
(Découvert bancaire) Trésorerie	(3 475)	1 630
	1 026 \$	9 829 \$

(Les notes afférentes et les tableaux complémentaires font partie intégrante des états financiers.)

Notes afférentes aux états financiers

31 mars 2010

1 Pouvoirs, activités et objectifs

Le Conseil des Arts du Canada (le « Conseil »), constitué en 1957 par la *Loi sur le Conseil des Arts du Canada*, qui a été modifiée en 2001 par le projet de loi C-40, n'est pas mandataire de Sa Majesté et est considéré comme un organisme de bienfaisance enregistré au sens de la *Loi de l'impôt sur le revenu*. En vertu de l'article 85(1.1) de la *Loi sur la gestion des finances publiques*, le Conseil n'est pas assujéti aux sections I à IV de la partie X de cette loi, sauf pour le sous-article 105(2) et les articles 113.1 et 119 de la section II, les articles 131 à 148 de la section III et l'article 154.01 de la section IV. Le Conseil est une société d'État qui a pour objectifs de favoriser et de promouvoir l'étude et la diffusion des arts, ainsi que la production d'œuvres d'art.

Le Conseil réalise ses objectifs principalement par l'entremise des programmes de subventions qui s'adressent aux artistes professionnels et organismes artistiques canadiens. Le Conseil encourt des charges d'administration et de services dans la prestation de ses programmes. Les charges d'administration, qui sont détaillées au tableau 2, représentent les coûts directs de la prestation des programmes. Les charges de services relatifs aux programmes représentent principalement les coûts liés à l'attribution des subventions du Conseil. Les charges d'administration générale représentent les coûts liés à la gestion d'entreprise, aux communications, aux ressources humaines, à la gestion de l'information, aux finances, aux locaux et à l'amortissement.

La *Loi sur le Conseil des Arts du Canada* assigne au Conseil les fonctions et tâches relatives à la Commission canadienne pour l'UNESCO (la « Commission »). La Commission conseille le gouvernement canadien sur ses relations avec l'Organisation des Nations Unies pour l'éducation, la science et la culture (UNESCO). La Commission favorise aussi la coopération entre les organismes canadiens de la société civile et l'UNESCO.

2 Conventions comptables importantes

Les présents états financiers ont été dressés conformément aux principes comptables généralement reconnus (PCGR) du Canada. Le Conseil a adopté les changements à certaines normes en vue d'apporter des améliorations aux exigences de présentation sur l'établissement de la juste valeur et sur le risque de liquidité, tel qu'expliqué à la note 3. Voici les principales conventions comptables suivies par le Conseil :

A Incertitude relative à la mesure

Pour préparer des états financiers conformément aux PCGR du Canada, le Conseil doit faire des estimations et poser des hypothèses qui influent sur les montants déclarés de l'actif et du passif à la date des états financiers, ainsi que sur les montants déclarés des produits et des charges de l'exercice. Les principaux éléments susceptibles de faire l'objet d'estimations sont les passifs liés au personnel, la durée de vie utile estimative des immobilisations et la juste valeur des instruments financiers. Les montants réels pourraient différer des estimations.

B Instruments financiers

Tous les instruments financiers sont initialement évalués à la juste valeur. Le tableau suivant identifie les actifs et les passifs financiers du Conseil et précise comment ils sont classés et évalués subséquentement.

Actif ou passif financier	Classement	Évaluation
Trésorerie et équivalents de trésorerie	Détenus à des fins de transaction	Juste valeur
Créances	Prêts et créances	Coût après amortissement
Placements	Disponibles à la vente	Juste valeur
Instruments financiers dérivés	Détenus à des fins de transaction	Juste valeur
Subventions à payer	Autres passifs	Coût après amortissement
Créditeurs et charges à payer	Autres passifs	Coût après amortissement

C Équivalents de trésorerie

Les équivalents de trésorerie correspondent à des placements à court terme hautement liquides prêts à être convertis en des montants d'espèces connus, qui sont assujettis à un faible risque de variation de la juste valeur. Les équivalents de trésorerie au bilan du Conseil sont composés de parts détenues dans un fonds commun à court terme. Les produits financiers distribués sont inscrits selon la méthode de la comptabilité d'exercice et sont constatés dans l'état des résultats sous la rubrique des produits financiers nets dans l'exercice au cours duquel ils sont gagnés.

D Instruments financiers dérivés

Le Conseil n'applique pas la comptabilité de couverture pour ses dérivés. Chaque dérivé est comptabilisé au bilan à sa juste valeur. Les dérivés avec une valeur positive (négative) sont inscrits comme un élément d'actif (de passif). Toutes les variations de la juste valeur des dérivés sont constatées à l'état des résultats dans les produits financiers nets au cours de l'exercice où elles surviennent.

E Placements

La variation de la juste valeur des placements est comptabilisée directement dans les autres éléments du résultat étendu jusqu'à ce que le placement soit décomptabilisé, ou bien jusqu'à ce qu'une perte soit considérée comme durable, auquel moment la perte ou le gain cumulatif déjà constaté dans le cumul des autres éléments du résultat étendu est comptabilisé dans les produits financiers nets de l'exercice selon la méthode du coût moyen. Les placements peuvent être vendus par suite de changements des besoins de trésorerie du Conseil et pour rééquilibrer la composition de l'actif en regard des indices de référence énoncés dans la politique de placement de l'organisme. Les achats de placements sont inscrits à la date de règlement. Tous les produits financiers sont comptabilisés dans l'état des résultats sous produits financiers nets. Tous les frais de gestion payés durant l'exercice sont passés en charges.

F Autres immobilisations, œuvres d'art et instruments de musique

Le matériel et les améliorations locatives sont inscrits au prix coûtant, net de l'amortissement cumulé. L'amortissement est calculé selon la méthode de l'amortissement linéaire, pendant la durée utile estimative de l'actif comme suit :

Matériel de bureau	5 ans
Améliorations locatives	Durée restante du bail

Les acquisitions d'œuvres d'art et d'instruments de musique sont inscrites à l'actif au prix coûtant. Les dons d'œuvres d'art et d'instruments de musique sont inscrits à leur juste valeur. Aucun amortissement n'est enregistré pour ces actifs.

Ⓒ Avantages sociaux futurs

I) Indemnités de départ

Les employés ont droit à des indemnités de départ tel que le prévoient les conditions d'emploi et la convention collective. Le coût de ces indemnités est imputé aux résultats de l'exercice au cours duquel elles sont gagnées par les employés. Le passif est fondé sur les meilleures estimations et hypothèses de la direction et il est calculé en fonction des salaires des employés et le nombre d'années de service au 31 mars. Dans le cas d'employés âgés de 50 ans ou plus, qui ont au moins une année de service, une semaine de salaire est calculée par année de service continu jusqu'à un maximum de 28 semaines. Dans le cas d'employés âgés de moins de 50 ans, qui ont au moins une année de service, une demi-semaine de salaire est calculée par année de service continu jusqu'à un maximum de 26 semaines. Les employés nommés pour une période déterminée, qui ont douze mois consécutifs de service continu, sont admissibles à soit deux jours de paie pour chaque année de service continu ou cinq jours de paie, à savoir le plus grand des deux. Ces indemnités constituent pour le Conseil la seule obligation de cette nature dont le règlement entraînera des paiements futurs.

II) Prestations de retraite

Tous les employés admissibles participent au Régime de retraite de la fonction publique administré par le gouvernement du Canada. Les cotisations versées à titre d'employeur représentent le coût complet pour le Conseil. Ce montant est équivalent à un multiple des cotisations versées par les employés et pourrait changer au fil du temps selon la situation financière du Régime. Les cotisations sont imputées à l'exercice au cours duquel les services sont rendus et représentent l'ensemble des obligations en matière de prestations de retraite du Conseil. Le Conseil n'est pas tenu à l'heure actuelle de verser des cotisations au titre des insuffisances actuarielles du Régime de retraite de la fonction publique.

Ⓓ Réserves

I) Réserve découlant de la capitalisation des produits financiers

Cette réserve correspond à la somme des produits financiers excédentaires depuis la fondation du Conseil en 1957. Lorsque les produits financiers sont supérieurs à ceux prévus au budget au cours d'un exercice, l'excédent peut être viré des bénéfices non répartis à la réserve découlant de la capitalisation des produits financiers. Dans les exercices au cours desquels les produits financiers sont moindres que ceux prévus au budget, le manque à gagner peut être viré de la réserve découlant de la capitalisation des produits financiers aux bénéfices non répartis. Ces virements sont approuvés par le conseil d'administration.

II) Réserve pour l'investissement dans des œuvres d'art et des instruments de musique

Cette réserve correspond à un virement des bénéfices non répartis à la réserve d'un montant équivalent au coût des œuvres d'art ou des instruments de musique acquis ou vendus ou à la valeur d'expertise des œuvres d'art ou des instruments de musique qui ont été donnés au Conseil, ou disposés par le Conseil, au cours de l'exercice.

Ⓔ Constatation des produits

I) Crédit parlementaire

Le crédit parlementaire est constaté à titre de produit de l'exercice pour lequel il est approuvé par le Parlement. Les crédits parlementaires reçus

pour des projets précis sont reportés et enregistrés dans l'exercice au cours duquel les charges sont engagées. Les crédits parlementaires sont principalement utilisés pour l'exploitation.

II) Apports

Le Conseil reçoit des apports de non-propriétaires qui sont grevés d'affectations d'origine externe à des fins précises par les donateurs.

Les apports de non-propriétaires et les produits financiers connexes grevés d'affectations d'origine externe, y compris les gains et pertes latents et réalisés, sont constatés dans les autres éléments du résultat étendu. Le cumul des apports affectés provenant des non-propriétaires est réduit et un montant est inscrit à titre de produit à l'état des résultats une fois que les charges connexes sont engagées.

Les apports non affectés provenant de non-propriétaires sont constatés à titre d'autres produits dans l'exercice au cours duquel ils sont reçus ou dans l'exercice au cours duquel les fonds sont engagés pour le Conseil, si le montant peut être raisonnablement estimé et si leur perception est raisonnablement assurée.

Les apports en nature sont inscrits à leur juste valeur lorsqu'ils sont reçus.

III) Produits de location de la Banque d'œuvres d'art

Les produits de location d'œuvres d'art sont enregistrés dans l'exercice au cours duquel les services sont rendus et sont inclus dans les produits nets de la Banque d'œuvres d'art.

IV) Autres produits

Les autres produits sont principalement composés de subventions annulées durant l'exercice courant et qui avaient été approuvées dans les exercices antérieurs.

Ⓙ Subventions

Les subventions sont passées en charges de l'exercice pour lequel elles ont été approuvées par le conseil d'administration.

Ⓚ Conversion des devises

Les actifs et les passifs monétaires libellés en devises et les actifs non monétaires enregistrés à la valeur de marché sont convertis en dollars canadiens au taux de change en vigueur à la date du bilan. Les produits et les charges sont convertis aux taux de change moyens en vigueur au cours de l'exercice. Tous les gains et les pertes de change sont pris en compte dans le calcul des résultats nets de l'exercice, à l'exception des placements disponibles à la vente pour lesquels les gains et pertes de change latents sont inscrits dans les autres éléments du résultat étendu jusqu'à ce que l'actif soit vendu ou subisse une perte considérée durable.

Ⓛ Contrats de location-exploitation

Le Conseil s'engage dans des contrats de location-exploitation pour ses locaux. Les incitatifs à la location sont enregistrés en réduction de la charge pour locaux selon la méthode linéaire pendant la durée du bail.

Ⓜ Modifications comptables à venir

En février 2008, le Conseil des normes comptables du Canada a confirmé que toutes les entités canadiennes ayant une obligation publique de rendre des comptes adopteraient les Normes internationales d'information financière (IFRS) comme les PCGR du Canada pour les exercices ouverts à compter du 1^{er} janvier 2011.

En décembre 2009, le Conseil sur la comptabilité dans le secteur public (CCSP) a publié une modification à la Préface des normes comptables pour le secteur public du manuel de comptabilité pour le secteur public. Cette modification a entraîné l'élimination de la catégorie « organismes publics de type commercial ». Les organismes publics qui étaient classés comme étant de type commercial sont tenus de se reclasser soit comme entreprises publiques, organismes sans but lucratif du secteur public ou autres organismes publics et d'adopter les normes comptables appropriées pour les exercices ouverts à compter du 1^{er} janvier 2011.

Le Conseil étudie présentement sa classification selon la préface du manuel de comptabilité du secteur public et du chapitre 4400 du *Manuel de l'ICCA* pour les organismes sans but lucratif du secteur public.

3 Adoption de nouvelles méthodes comptables

« Instruments financiers – Informations à fournir », chapitre 3862

Le Conseil a adopté les changements apportés par l'ICCA au chapitre 3862, « Instruments financiers – Informations à fournir » ayant pour but d'améliorer la communication des informations relatives aux évaluations à la juste valeur et au risque de liquidité afférent aux instruments financiers.

Tous les instruments financiers mesurés à la juste valeur doivent être classés selon une hiérarchie avec des niveaux qui reflètent la fiabilité relative des données utilisées pour ces évaluations.

L'information à fournir sur le risque de liquidité a également été modifiée pour inclure une analyse des échéances des passifs financiers dérivés et non dérivés.

Puisque les modifications au chapitre 3862 de l'ICCA ne concernent que les informations à fournir, il n'y a pas d'incidence sur le bilan, ni sur l'état des résultats, l'état du résultat étendu, l'état des variations des capitaux propres et l'état des flux de trésorerie du Conseil. Les informations à fournir sont incluses aux note 5 et 9.

« Écarts d'acquisition et actifs incorporels », chapitre 3064

En février 2008, l'ICCA a publié le nouveau chapitre 3064, « Écarts d'acquisition et actifs incorporels », qui remplace le chapitre 3062, « Écarts d'acquisition et autres actifs incorporels ». Ce nouveau chapitre établit des normes de comptabilisation et d'évaluation d'actifs incorporels et, tout particulièrement, les actifs incorporels générés en interne. Le chapitre 3064 s'applique aux exercices ouverts à compter du 1^{er} octobre 2008.

Cette norme donne des indications sur la comptabilisation des actifs incorporels incluant les logiciels qui ne font pas partie intégrante du matériel. La mise en application de cette norme n'a pas eu d'incidence sur les états financiers du Conseil.

4 Gestion du capital

Le capital du Conseil englobe les apports affectés provenant de non-proprétaires, le surplus d'apport (voir note 13), la réserve découlant de la capitalisation des produits financiers (voir note 2 (h)i), la réserve pour l'investissement dans des œuvres d'art et des instruments de musique (voir note 2 (h)ii) et les bénéfices non répartis.

L'objectif du Conseil en matière de gestion du capital est de préserver la capacité du Conseil à continuer de remplir son mandat (comme le décrit à note 1). Dans le but de respecter ses objectifs de gestion du capital, le Conseil investit dans un portefeuille diversifié.

Le Conseil n'a fait aucun changement dans sa gestion de capital par rapport à l'exercice précédent.

Apports affectés provenant de non-proprétaires

Les apports de non-proprétaires englobent les apports reçus ou à recevoir sous forme de legs et de dons qui ont été grevés d'affectations à des fins déterminées par les donateurs, la quote-part des gains et pertes latents ou constatés sur les placements connexes et les produits grevés d'affectations non dépensés touchés sur les placements connexes.

Le capital initial des apports de non-proprétaires reçus jusqu'au 31 mars 2010 est de 38 758 000 \$ (2009 – 37 471 000 \$). Chaque apport reçu est compris dans le portefeuille du Conseil, et une quote-part de l'apport est calculée selon la juste valeur du portefeuille au moment où l'apport a été reçu. Le Conseil gère les fonds comme il est stipulé dans l'acte de fiducie. Le Conseil a respecté les exigences de ces apports externes.

5 Instruments financiers

A Sommaire des instruments financiers

Au 31 mars 2010, le classement des instruments financiers du Conseil, ainsi que leur valeur comptable et leur juste valeur, se présentaient comme suit :

		2010	2009
Actifs et passifs financiers	Classement	Valeur comptable et juste valeur (\$)	Valeur comptable et juste valeur (\$)
Trésorerie et équivalents de trésorerie	Détenus à des fins de transaction	1 026	9 829
Créances	Prêts et créances	1 669	1 296
Instruments financiers dérivés nets	Détenus à des fins de transaction	3 748	(86)
Placements ¹	Disponibles à la vente	265 554	229 073
Subventions à payer	Autres passifs	26 452	30 387
Créditeurs et charges à payer	Autres passifs	2 971	3 227

¹ La juste valeur des placements est présentée à la note 8.

B Gestion des risques

Le Conseil est exposé à une variété de risques financiers en raison de ses activités. Ces risques comprennent le risque de crédit, le risque de liquidité et le risque de marché (risque de prix, risque de taux d'intérêt et risque de change). L'objectif à long terme de la politique de placement du Conseil consiste à générer des rendements réels sur le long terme, afin d'apporter un complément pour couvrir les coûts de l'administration des divers programmes, tout en maintenant le pouvoir d'achat du capital de dotation. Cette politique permet le recours à certains instruments financiers dérivés.

Afin de gérer les risques, le Conseil investit dans un portefeuille diversifié qui est administré par des gestionnaires de placements professionnels. Les placements sont orientés par un « Énoncé de la Politique de placement et des objectifs de rendement », qui est approuvé par le conseil d'administration et passé en revue chaque année. Pour la gestion et le suivi de son portefeuille, le Conseil est assisté d'un comité de placements formé d'experts indépendants possédant une expérience du domaine des placements et des catégories d'actifs dans lesquelles les placements sont effectués. En outre, le Conseil a recours aux services d'un conseiller en placements indépendant ayant pour fonction d'épauler le comité de placements dans ses activités. Au fil de l'évolution des marchés, le comité de placements recommande des rajustements à la composition de l'actif afin de réduire le risque global du portefeuille au minimum.

I) Risque de crédit

Le risque de crédit désigne le risque qu'une contrepartie manque à ses obligations contractuelles, ce qui entraînerait des pertes financières pour le Conseil.

À la date du bilan, les actifs financiers exposés au risque de crédit comprennent les placements, les créances et les instruments financiers dérivés. La valeur comptable de ces actifs financiers représente l'exposition maximale au risque de crédit à la date du bilan.

Par l'entremise de ses placements dans des parts de fonds communs d'actions, de fonds d'obligations et de fonds alternatifs, et dans des parts de sociétés en commandite de quatre fonds immobiliers et d'un fonds d'infrastructure, le Conseil est exposé indirectement au risque de crédit des placements sous-jacents de ces fonds. Ces risques sont gérés par les gestionnaires de placements. Leurs objectifs consistent à investir dans des instruments financiers de haute qualité émis par des contreparties solvables, en limitant le montant pouvant être placé auprès d'une seule contrepartie et en respectant les plafonds établis par la politique de placement du Conseil.

La majorité des créances du Conseil sont exigibles du gouvernement du Canada et, à ce titre, comportent un risque de crédit faible. Le Conseil atténue le risque de crédit au moyen d'un suivi des soldes non remboursés. Au 31 mars 2010, il n'y avait pas de montants en souffrance importants.

Le Conseil gère son risque de crédit sur les instruments financiers dérivés en ne traitant qu'avec des contreparties solvables qui ont obtenu, auprès d'agences de notation externes, deux des trois cotes de crédit suivantes : A3 de Moody's, A- de Standard & Poor's ou A- de Fitch/IBCA.

II) Risque de liquidité

Le risque de liquidité est le risque que le Conseil ne soit pas en mesure d'honorer ses obligations financières lorsque celles-ci viennent à échéance.

Le Conseil tire principalement ses revenus des crédits parlementaires du gouvernement du Canada. Ces produits sont investis temporairement dans le fonds commun à court terme jusqu'à ce que l'on en ait besoin.

Les objectifs du Conseil par rapport à sa gestion des liquidités sont de s'assurer que la valeur en capital de ses fonds communs à court terme est conservée, que les placements sont suffisamment liquides et que les produits financiers sont distribués en espèces lorsque cela est possible.

Les liquidités disponibles à partir des fonds à court terme et des placements assurent que le Conseil est en mesure d'honorer ses obligations et ses engagements. La majorité du portefeuille peut être racheté dans un délai de trois jours. De plus, les catégories de placement autorisées sont régies par des politiques de placement à court terme et à long terme approuvées par le conseil d'administration, de manière à faire en sorte que le risque de liquidité soit réduit au minimum.

Le tableau suivant présente l'analyse des échéances des actifs et passifs financiers du Conseil :

Au 31 mars 2010

(en milliers de dollars)	Total	Sans échange fixe	2011	2012	2013
Actifs financiers					
Trésorerie et équivalents de trésorerie	1 026	-	1 026	-	-
Créances	1 669	-	1 663	6	-
Instruments financiers dérivés	3 761	-	3 761	-	-
Placements	265 554	265 554	-	-	-
	272 010	265 554	6 450	6	-
Passifs financiers					
Subventions à payer	26 452	-	18 653	6 024	1 775
Créditeurs et charges à payer	2 971	-	2 971	-	-
Instruments financiers dérivés	13	-	13	-	-
	29 436	-	21 637	6 024	1 775

Dans le tableau ci-dessus, les placements sont des actifs financiers sans échéance fixe. Le Conseil peut selon son « Énoncé de la Politique de placement et des objectifs de rendement » retirer du portefeuille de placement, si nécessaire, des sommes allant jusqu'à 4,5 % de la moyenne de la valeur marchande du portefeuille pour les trois années précédentes, en fonction des soldes constatés le 30 septembre.

III) Risques de marché

Les activités du Conseil sont principalement exposées au risque de prix, au risque de taux d'intérêt et au risque de change.

Les gestionnaires de placements ont comme directives de gérer au quotidien les risques de marché du Conseil conformément aux politiques du Conseil. Le positionnement global du Conseil sur les marchés fait l'objet d'un suivi trimestriel par le conseil d'administration et le comité des placements.

Risque de prix

Le risque de prix est le risque que la juste valeur ou les flux de trésorerie futurs d'un instrument financier fluctuent en raison des fluctuations des prix du marché (autres que celles résultant du risque de taux d'intérêt ou du risque de change), que ces fluctuations soient causées par des facteurs propres à cet instrument financier ou à son émetteur, ou des facteurs qui influent sur des instruments financiers similaires négociés sur le marché.

Le Conseil est exposé au risque de prix du marché en raison de ses placements dans des parts de fonds communs d'actions et de fonds alternatifs, et dans des parts de sociétés en commandite de quatre fonds immobiliers et d'un fonds d'infrastructure.

Sensibilité aux prix

On décrit ci-après la sensibilité du portefeuille du Conseil à une diminution ou à une augmentation de 10 % (2009 - 10,1 %) dans les prix du marché, où 10 % (2009 - 10,1 %) correspond au taux de sensibilité utilisé pour communiquer un risque de prix au personnel de gestion clé à l'échelle interne et représente l'évaluation de la direction d'une fluctuation des prix du marché raisonnablement probable. Le taux de sensibilité est établi au moyen d'un écart-type de référence historique du fonds total, tel qu'il est déterminé par le conseiller en placements.

Au 31 mars 2010, si les prix du marché avaient connu une augmentation ou une diminution de 10 % alors que toutes les autres variables étaient demeurées constantes, l'augmentation ou la diminution du cumul des autres éléments du résultat étendu pour l'exercice aurait été de 26 750 000 \$ (2009 - 24 046 000 \$) en raison de l'augmentation ou de la diminution de la juste valeur des actifs disponibles à la vente.

Risque de taux d'intérêt

Le risque de taux d'intérêt est le risque que la juste valeur ou les futurs flux de trésorerie d'un instrument financier fluctuent en raison des fluctuations des taux d'intérêt du marché.

L'exposition au taux d'intérêt du Conseil découle de ses actifs portant intérêt. Les liquidités du Conseil comprennent les montants en dépôt auprès d'une institution financière qui rapportent de l'intérêt aux taux du marché. L'objectif du Conseil est de gérer l'exposition de sa trésorerie au risque de taux d'intérêt en maximisant les produits d'intérêts gagnés par les fonds excédentaires tout en conservant les liquidités minimales nécessaires à la bonne marche de ses activités quotidiennes. Les fluctuations de taux d'intérêt du marché s'appliquant aux liquidités n'ont pas d'effet important sur les résultats d'exploitation du Conseil.

Les placements du Conseil dans les fonds communs à court terme, le fonds commun d'obligations et les fonds alternatifs sont indirectement touchés par les fluctuations de leur juste valeur attribuables aux fluctuations des taux d'intérêt du marché. L'incidence des fluctuations ne peut pas être évaluée étant donné que le Conseil détient des parts des fonds communs et non les actifs sous-jacents.

Risque de change

Le risque de change est le risque que la juste valeur ou les futurs flux de trésorerie d'un instrument financier fluctuent en raison des fluctuations des taux de change.

À la date du bilan, le seul instrument financier monétaire détenu par le Conseil et étant exposé à la monnaie étrangère sont les dérivés au passif d'un montant de 13 000 \$ (2009 – actif de 10 000 \$) et aucun solde (2009 – 136 000 \$) dans les quasi-espèces. Étant donné la valeur de l'exposition à la monnaie étrangère en comparaison avec les actifs totaux du Conseil, le risque de change n'est pas considéré important.

chés émergents, laquelle n'a pas été couverte et représente environ 2,7 % (2009 – 3,2 %) du portefeuille.

Les contrats de change à terme ont des montants nominaux qui servent de points de référence pour le calcul des paiements et ne représentent pas les montants échangés. Ces montants ne sont pas inscrits au bilan puisqu'ils ne représentent pas leur juste valeur. Au 31 mars 2010, le Conseil détenait des contrats de change à terme avec un montant nominal de 63 909 000 \$ (2009 – 62 577 000 \$) et une date de règlement du 6 mai 2010.

Devises	Taux de change à terme	Montant nominal ¹
Dollar américain	0,986	33 694
Euro	0,728	15 870
Livre sterling	0,65	7 145
Yen japonais	92,075	3 392
Autres	4,016	3 808

¹ Tel que stipulé dans la stratégie de couverture du Conseil, le montant nominal, exprimé en milliers de dollars, représente 50 % de l'exposition du Conseil à ces devises.

La juste valeur des contrats de change à terme en vigueur représente un passif de 13 000 \$ (2009 – actif de 10 000 \$) et reflète la juste valeur de la perte potentielle si leur règlement prenait place le 31 mars 2010. Les dérivés classés à l'actif représentent un gain de change latent de 3 761 000 \$ (2009 – perte latente de 96 000 \$) sur les contrats de change à terme échus au 31 mars 2010, mais dont la date de règlement est le 7 avril 2010. Le tout résulte en un gain de change net de l'exercice de 12 614 000 \$ (2009 – perte de 5 471 000 \$).

6 Équivalents de trésorerie

Le Conseil investit dans un fonds commun à court terme géré par State Street Global Advisors (2009 : Gestion de Placements TD inc). Tous les instruments détenus dans ces fonds communs ont obtenu une cote de crédit de R1 (faible) ou de A (faible) ou supérieure selon les cotes de crédit établies par une agence de notation des obligations reconnue. Ces fonds sont composés de titres émis par différents ordres de gouvernement, des banques à charte et des émetteurs privés. À l'exception des instruments garantis par tous les ordres de gouvernement, pas plus de 10 % du portefeuille à court terme est investi auprès d'un seul émetteur.

Ce fonds commun sert à placer à court terme les excédents de flux monétaires quotidiens du Conseil. Celui-ci avait un solde au 31 mars de 4 501 000 \$ (2009 – 8 199 000 \$). Le rendement de ce fonds s'est établi à 0,25 % (2009 – 2,4 %) pour l'exercice terminé le 31 mars 2010 et la durée moyenne pondérée était de 19 jours (2009 – 51 jours).

7 Instruments financiers dérivés

L'utilisation d'instruments financiers dérivés s'est limitée à des contrats de change à terme. Le Conseil utilise actuellement des contrats de change à terme, qui représentent des engagements d'achat ou de vente de devises dont le règlement doit se faire à une date ultérieure précise et à un taux fixe, pour gérer son risque de change. Ces contrats sont normalement pour une durée d'un mois.

Au cours de l'exercice, le Conseil a conclu des contrats de change à terme afin de gérer la moitié de son risque de change sur la tranche non libellée en dollars canadiens de son portefeuille, à l'exception de la composante mar-

8 Placements

(en milliers de dollars)

	2010					2009		
	Prix coûtant	Pertes latentes	Gains latents	Juste valeur	%	Prix coûtant	Juste valeur	%
	\$	\$	\$	\$		\$	\$	
Dotation du Conseil des Arts du Canada et fonds spéciaux								
Fonds communs								
Actions	149 358	53 019	-	96 339	45,5	164 882	85 399	46,8
Obligations	52 181	1 983	-	50 198	23,7	52 180	49 809	27,3
Alternatifs	26 622	634	850	26 838	12,7	26 622	26 012	14,3
Marché monétaire	26 135	-	-	26 135	12,4	8 946	8 946	4,9
Immobilier	6 027	364	101	5 764	2,7	10 311	8 985	4,9
Infrastructure	6 525	200	-	6 325	3,0	3 257	3 329	1,8
	266 848	56 200	951	211 599	100,0	266 198	182 480	100,0
Fonds Killam								
Fonds communs								
Actions	39 930	15 034	-	24 896	46,1	44 228	22 072	47,4
Obligations	13 183	517	-	12 666	23,5	13 182	12 567	27,0
Alternatifs	6 831	163	216	6 88	412,8	6 831	6 676	14,3
Marché monétaire	6 049	-	-	6 049	11,2	1 942	1 942	4,2
Immobilier	1 561	95	26	1 492	2,8	2 647	2 300	4,9
Infrastructure	2 030	62	-	1 968	3,6	1 013	1 036	2,2
	69 584	15 871	242	53 955	100,0	69 843	46 593	100,0
Total des placements	336 432 \$	72 071 \$	1 193 \$	265 554 \$		336 041 \$	229 073 \$	

Les pertes latentes sur les placements sont principalement imputables à la fluctuation des prix sur le marché, aux variations de change ou aux premières années de la phase de démarrage dans le cas de certains placements. Au 31 mars 2010, le Conseil juge que la perte de valeur de ces placements n'est pas durable à l'exception du placement dans un fonds immobilier aux É.-U. indiqué à la note 15.

Les objectifs à long terme de la dotation du Conseil et des fonds spéciaux et des fonds Killam consistent à générer des rendements réels sur le long terme afin de soutenir les coûts liés à l'administration des divers programmes, tout en maintenant le pouvoir d'achat du capital de la dotation.

Le Conseil investit dans des parts de fonds communs d'actions, d'obligations et de fonds alternatifs, et dans des parts de sociétés en commandite dans quatre fonds de placements immobiliers et un fonds d'infrastructure. Les catégories de placement autorisées ainsi que la composition du portefeuille sont régies par une politique de placement approuvée par le conseil d'administration. Tous les placements sont gérés par des gestionnaires de placements professionnels.

Le Conseil administre son portefeuille selon les indices de référence approuvés par le conseil d'administration, en décembre 2009. Ce faisant, la composition des catégories d'actif peut varier selon un minimum et un maximum.

Catégories d'actif	Valeur marchande actuelle	Minimum	Indice de référence	Maximum
Actions - titres canadiens	0 %	0 %	5 %	7 %
Actions - titres internationaux	46 %	30 %	40 %	50 %
Obligations	24 %	25 %	35 %	40 %
Alternatifs	13 %	5 %	10 %	15 %
Immobilier	3 %	0 %	5 %	7 %
Infrastructure	3 %	0 %	5 %	7 %
Marché monétaire	11 %	0 %	0 %	15 %

La composition d'actif a changé en décembre 2009 et au 31 mars 2010, le Conseil n'avait pas complété le rééquilibrage du portefeuille. L'« Énoncé de la Politique de placement et des objectifs de rendement » du Conseil accorde une période de grâce de six mois pour permettre de rééquilibrer les catégories d'actif aux indices de référence.

Le marché monétaire inclut des fonds communs à court terme utilisés pour financer les engagements futurs du Conseil dans les unités de fonds commun d'immobilier et d'infrastructure. Ce fonds avait un solde au 31 mars 2010 de 32 184 000 \$ (2009 - 10 888 000 \$). Le rendement pour ce fonds s'est établi à 0,25 % (2009 - 2,4 %) et, au 31 mars 2010, la durée moyenne pondérée était de 19 jours (2009 - 51 jours).

Les placements dans les fonds communs d'actions comprennent des parts dans deux fonds communs. Ces fonds communs investissent dans des titres sur le marché international. Les titres internationaux sont évalués en regard des rendements de l'indice Morgan Stanley Capital International World Hedge. Les placements dans le fonds commun d'obligations comportent des obligations du gouvernement canadien et de sociétés qui ont une cote de crédit minimum de BBB ou l'équivalent établi par une agence reconnue de notation. Le fonds d'obligations a pour objectif de reproduire les rendements de l'indice obligataire universel DEX. Les placements dans les fonds communs alternatifs comprennent des parts dans deux fonds alternatifs avec un éventail varié de diverses catégories d'actif sur le marché international. Ces placements sont évalués en regard des rendements de l'indice des bons du Trésor à 91 jours Scotia Capitaux majoré de 20 %. Les actifs inclus dans les fonds immobiliers sont des immeubles commerciaux au Canada et aux États-Unis. Ces placements sont évalués en regard des rendements de l'indice Investment Property Databank pour les gestionnaires canadiens et le National Council of Real Estate Investment Fiduciaries (NCREIF) pour le gestionnaire américain. Le fonds d'infrastructure comprend un portefeuille de placements diversifiés dans les infrastructures. Ces placements sont évalués en regard de l'indice des prix à la consommation majoré de 4,5 %.

9 Juste valeur

A Établissement de la juste valeur

La valeur comptable des espèces, des créances, des subventions à payer, des créiteurs et des charges à payer se rapproche de leur juste valeur en raison de leur échéance à court terme.

La juste valeur des instruments financiers dérivés est calculée à partir d'intrants observables et justifiables sur le marché, y compris le cours du change au comptant et le cours du change à terme en vigueur à la clôture de l'exercice (voir note 7).

La juste valeur des placements est établie comme suit :

Les placements dans le fonds commun sont évalués à la valeur unitaire fournie par les gestionnaires du fonds commun, laquelle correspond à la quote-part du Conseil des actifs nets sous-jacents évalués à leur juste valeur, établie au moyen des cours de clôture du marché (niveau 2).

La juste valeur des placements immobiliers est fournie par les gestionnaires de fonds et est établie au moyen d'évaluations sujettes à des vérifications indépendantes, qui sont fondées sur un modèle d'évaluation et des données non observables. On obtient ces évaluations vérifiées chaque année (niveau

3). La juste valeur des placements dans les infrastructures est fournie par les gestionnaires de fonds et est établie au moyen d'évaluations vérifiées à l'interne qui sont revues annuellement par les vérificateurs du fonds dans le cadre de la vérification du fonds à la fin de l'exercice financier. Ces évaluations sont fondées sur un modèle d'évaluation et des données non observables (niveau 3).

B Hiérarchie de la juste valeur

Le tableau suivant présente une analyse des instruments financiers qui sont évalués, à la suite de leur comptabilisation initiale, à la juste valeur et regroupés par niveau en fonction du degré auquel on peut observer la juste valeur :

- les évaluations de la juste valeur du niveau 1 sont tirées de prix cotés (non rajustés) sur des marchés actifs pour des actifs ou passifs identiques;
- les évaluations de la juste valeur du niveau 2 sont tirées de données autres que les prix cotés visés au niveau 1 qui sont observables pour l'actif ou le passif directement (à savoir des prix), ou indirectement (à savoir des dérivés de prix);
- les évaluations de la juste valeur du niveau 3 sont tirées de techniques d'évaluation qui comprennent des données relatives à l'actif ou au passif qui ne sont pas fondées sur des données de marché observables (données non observables).

La hiérarchie de la juste valeur exige l'utilisation de données observables sur le marché lorsque de telles données existent. On classe un instrument financier au niveau le plus bas de la hiérarchie pour lequel on a pris en compte une donnée importante non observable lors de l'évaluation de la juste valeur.

Le tableau suivant présente les instruments financiers comptabilisés à leur juste valeur au bilan et classés en fonction de la hiérarchie de la juste valeur décrite précédemment :

Actifs financiers à leur juste valeur

Au 31 mars 2010

(en milliers de dollars)	Niveau 1	Niveau 2	Niveau 3	Total
Actifs financiers détenus à des fins de transaction				
Découvert bancaire	(3 475)	-	-	(3 475)
Équivalents de trésorerie	-	4 501	-	4 501
Instruments financiers dérivés	3 761	-	-	3 761
Total	286	4 501	-	4 787

Actifs financiers disponibles à la vente

Dotation du Conseil des Arts du Canada et fonds spéciaux

Fonds communs				
Actions	-	96 339	-	96 339
Obligations	-	50 198	-	50 198
Alternatifs	-	-	26 838	26 838
Marché monétaire	-	26 135	-	26 135
Immobilier	-	-	5 764	5 764
Infrastructure	-	-	6 325	6 325

Fonds Killam

Fonds communs				
Actions	-	24 896	-	24 896
Obligations	-	12 666	-	12 666
Alternatifs	-	-	6 884	6 884
Marché monétaire	-	6 049	-	6 049
Immobilier	-	-	1 492	1 492
Infrastructure	-	-	1 968	1 968
Total	-	216 283	49 271	265 554
Total	286	220 784	49 271	270 341

Passifs financiers à leur juste valeur

Au 31 mars 2010

(en milliers de dollars)	Niveau 1	Niveau 2	Niveau 3	Total
Passifs financiers détenus à des fins de transaction				
Instruments financiers dérivés	13	-	-	13
Total	13	-	-	13

Au cours de l'exercice financier, il n'y a eu aucun transfert de montants important entre les niveaux 1 et 2.

Les tableaux suivants présentent le rapprochement des changements relatifs à la juste valeur des instruments financiers classés dans le niveau 3 au cours de l'exercice financier :

(en milliers de dollars)	Disponibles à la vente			Total
	Fonds alternatifs	Fonds im- mobiliers	Fonds d'infra- structure	
Dotation du Conseil des Arts du Canada et fonds spéciaux				
Solde d'ouverture	26 012	8 985	3 329	38 326
Total des gains et des pertes				
- reconnus dans les autres éléments du résultat attendu	826	1 063	(273)	1 616
Achats	-	926	3 273	4 199
Émissions	-	-	-	-
Règlements	-	-	(4)	(4)
Baisse de valeur	-	(5 210)	-	(5 210)
Transferts vers ou depuis le niveau 3	-	-	-	-
Solde de fermeture	26 838	5 764	6 325	38 927
Fonds Killam				
Solde d'ouverture	6 676	2 300	1 036	10 012
Total des gains et des pertes				
- reconnus dans les autres éléments du résultat attendu	208	278	(85)	401
Achats	-	253	1 018	1 271
Émissions	-	-	-	-
Règlements	-	-	(1)	(1)
Baisse de valeur	-	(1 339)	-	(1 339)
Transferts vers ou depuis le niveau 3	-	-	-	-
Solde de fermeture	6 884	1 492	1 968	10 344

Le Conseil a établi la valeur des actifs classés au niveau 3 selon une évaluation des conditions existantes au 31 mars 2010, ces conditions pourraient varier significativement dans les périodes futures. Le risque le plus important qui pourrait avoir un impact sur la valeur future de ces actifs est le prix du marché. Si les prix du marché avaient connu une augmentation ou une diminution de 16 % alors que toutes les autres variables étaient demeurées constantes, l'augmentation ou la diminution du cumul des autres éléments du résultat étendu pour l'exercice serait d'environ 8 000 000 \$ en raison de l'augmentation ou de la diminution de la juste valeur future de ces actifs.

10 Œuvres d'art et instruments de musique

(en milliers de dollars)	2010	2009
Œuvres d'art	19 162 \$	18 617 \$
Instruments de musique	1 548	1 548
	20 710 \$	20 165 \$

La Banque d'œuvres d'art du Conseil possède le plus grand nombre d'œuvres d'art contemporain canadiennes au Canada, soit près de 17 500 peintures, sculptures, dessins, photographies et estampes, réalisés par plus de 3 103 artistes. La Banque loue ces œuvres d'art à des parties intéressées; actuellement, environ 5 900 (2009 – 6 400) œuvres sont louées à des ministères et organismes fédéraux, des associations, des hôpitaux, des écoles, des municipalités et des entreprises privées.

Le Conseil a créé la Banque d'instruments de musique en 1985; celle-ci possède actuellement un archet de violoncelle et cinq instruments de qualité. Le Conseil gère en outre le prêt de dix instruments de musique, neuf prêtés par un bienfaiteur anonyme et un prêté par un autre bienfaiteur.

Des ententes sont signées avec les organisations qui louent les œuvres d'art et avec les personnes auxquelles les instruments sont prêtés. Ces ententes comprennent des clauses qui stipulent de quelle façon les œuvres d'art et

les instruments doivent être manipulés afin d'assurer leur protection. Le Conseil assure les œuvres d'art et les instruments de musique à leur juste valeur

11 Autres immobilisations

(en milliers de dollars)			2010	2009
	Prix coûtant	Amortis- sement cumulé	Valeur comptable nette	Valeur comptable nette
Matériel de bureau	6 290 \$	5 280 \$	1 010 \$	1 006 \$
Améliorations locatives	5 365	3 724	1 641	2 065
	11 655 \$	9 004 \$	2 651 \$	3 071 \$

12 Avantages sociaux futurs

I) Indemnités de départ

Le Conseil verse des indemnités de départ à ses employés, fondées sur les années de service et le salaire en fin d'emploi. Étant un régime sans capitalisation, il ne détient aucun actif et présente un déficit du régime éga à l'obligation au titre des indemnités constituées. Ces indemnités seront payées à même les crédits parlementaires futurs ou autres sources de produits. L'information sur ce régime se détaille comme suit au 31 mars :

(en milliers de dollars)	2010	2009
Obligation au titre des indemnités constituées au début de l'exercice	2 124 \$	1 945 \$
Coût de l'exercice	286	290
Indemnités versées au cours de l'exercice	(218)	(111)
Obligation au titre des indemnités constituées à la fin de l'exercice	2 192 \$	2 124 \$

II) Prestations de retraite

Le Conseil et tous les employés admissibles cotisent au Régime de retraite de la fonction publique. Ce régime offre des prestations fondées sur le nombre d'années de service et le salaire moyen de fin de carrière. Ces prestations sont entièrement indexées selon la hausse de l'indice des prix à la consommation. Le Conseil et ses employés ont versé les cotisations suivantes au Régime de retraite de la fonction publique :

(en milliers de dollars)	2010	2009
Cotisations patronales	2 063 \$	1 882 \$
Cotisations salariales	1 029	924

13 Surplus d'apport

Le surplus d'apport correspond à l'apport initial du gouvernement canadien de 50 millions de dollars, qui constituait un fonds de dotation lorsque le Conseil a été fondé en 1957

14 Cumul des autres éléments du résultat étendu

Le cumul des autres éléments du résultat étendu se compose des gains ou pertes latentes sur les placements disponibles à la vente et des apports affectés provenant de non-propriétaires.

Les apports affectés de non-propriétaires sont compris dans le portefeuille du Conseil, et une quote-part pour chaque apport est calculée selon la juste valeur du portefeuille au moment où l'apport a été reçu. La quote-part

pour chaque apport affecté des gains et pertes latents découlant de la réévaluation à la juste valeur du portefeuille du Conseil au 31 mars, au net du reclassement dans les résultats des gains et des pertes réalisés au cours de l'exercice, est constaté dans les autres éléments du résultat étendu comme apports de non-propriétaires.

15 Produits financiers nets

(en milliers de dollars)	2010	2009
Pertes sur cession d'actifs financiers classés comme étant disponibles à la vente	(4 903) \$	(977) \$
Dépréciation d'actifs financiers classés comme étant disponibles à la vente ¹	(6 549)	-
(Pertes) gains de change sur cession d'actifs financiers classés comme étant disponibles à la vente	(13)	16
(Gain) perte de change nette sur actifs financiers détenus à des fins de transaction	12 614	(5 471)
Produit d'intérêts et de dividendes d'actifs financiers classés comme étant disponibles à la vente	6 859	10 847
Produit d'intérêts d'actifs financiers classés comme étant détenus à des fins de transaction	12	40
Produits attribuables aux apports de non-propriétaires	1 230	2 531
Frais de gestion du portefeuille	(1 425)	(1 588)
	7 825 \$	5 398 \$

¹ Durant l'exercice, le Conseil a comptabilisé une dépréciation pour un fonds immobilier aux États-Unis de 6,5 millions de dollars puisque cette baisse de valeur était considérée comme durable.

Le Conseil investit dans des marchés financiers très diversifiés et les produits financiers peuvent fluctuer d'un exercice à l'autre. Lorsque les produits de placement dépassent les attentes au cours d'un exercice, le Conseil réinvestit les produits non prévus, afin de maintenir le pouvoir d'achat du fonds et d'en assurer la croissance continue. Cette démarche assure une certaine stabilité et une croissance à long terme. Lorsque les résultats obtenus au cours d'un exercice sont moins favorables, les produits des exercices antérieurs, c'est-à-dire la réserve découlant de la capitalisation des produits financiers, qui est d'ailleurs une composante des capitaux propres du Conseil, peuvent alors être utilisés.

16 Produits nets de la Banque d'œuvres d'art et Commission canadienne pour l'UNESCO

(en milliers de dollars)	2010	2009
Produits nets de la Banque d'œuvres d'art		
Produits de location	2 106 \$	2 142 \$
Autres produits	267	178
Administration	(1 949)	(1 776)
Amortissement des autres immobilisations	(20)	(149)
Produits nets de la Banque d'œuvres d'art	404 \$	395 \$
Commission canadienne pour l'UNESCO		
Charges de programme	608 \$	1 284 \$
Programmes - apports reçus	(40)	(238)
Charge d'administration	1 437	1 475
Charges de la Commission canadienne pour l'UNESCO	2 005 \$	2 521 \$

Les charges de programme représentent principalement les coûts associés aux activités de la Commission dans le cadre de réunions nationales et

internationales portant sur l'éducation, la science et la culture. Ces frais sont compensés par les apports reçus de divers organismes en partenariat avec la Commission pour ces activités. Les charges d'administration représentent les coûts directs de la prestation des programmes de la Commission.

17 Variation des éléments hors trésorerie de l'actif et du passif liés à l'exploitation

(en milliers de dollars)	2010	2009
(Augmentation) diminution des créances	(373) \$	123 \$
(Augmentation) diminution des instruments financiers dérivés - actif	(3751)	124
Diminution (augmentation) des frais payés d'avance	388	(75)
Diminution des subventions à payer	(3 935)	(4 189)
(Diminution) augmentation des créditeurs et charges à payer	(256)	289
Diminution des instruments financiers dérivés - passif	(83)	(5 410)
Diminution des produits reportés	(340)	(165)
Diminution des crédits parlementaires reportés	(6)	(128)
Sorties nettes de fonds attribuables aux éléments hors trésorerie de l'actif et du passif liés à l'exploitation	(8 356) \$	(9 431) \$

18 Obligations et engagements contractuels

(a) Les paiements de subventions se prolongeant pendant les exercices à venir sont sujets à l'obtention de fonds du Parlement. Les subventions de cette catégorie qui ont été approuvées avant le 31 mars 2010 sont payables comme suit :

(en milliers de dollars)		
2011	57 552	\$
2012	18 395	
2013	15 936	
(b) Le Conseil est signataire de contrats de location-exploitation à long terme pour des locaux. Voici le loyer annuel minimal net :		
2011	4 403	
2012	4 403	
2013	4 403	
2014	3 440	
2015	361	
2016 - 2020	1 850	
Total	18 860	\$

(c) Le Conseil a signé des ententes avec des gestionnaires de placement dans le secteur de l'immobilier et de l'infrastructure qui engagent le Conseil à verser des sommes dans des sociétés en commandites. À cause du temps requis à investir ces fonds, le Conseil avait au 31 mars 2010 une balance de 9,3 millions de dollars. Ces sommes sont présentement investies dans un fonds commun à court terme.

19 Opérations entre apparentés

Le Conseil est apparenté, en propriété commune, à tous les ministères, organismes et sociétés d'État du gouvernement canadien. Le Conseil conclut des opérations avec des apparentés dans le cours normal de ses activités aux mêmes conditions que celles conclues avec toute personne et société non apparentée, et ces dernières sont évaluées à la valeur d'échange, qui correspond à la valeur de la contre

partie établie et consentie par les apparentés. Au cours de l'exercice, le Conseil a engagé des charges relatives aux subventions totalisant 145 000 \$ (2009 - 130 000 \$) et a inscrit des produits tirés de la location d'œuvres d'art, des apports et d'autres produits provenant des apparentés d'un montant de 1 871 000 \$ (2009 - 2 132 000 \$).

Au 31 mars, le Conseil avait inscrit, à son bilan, les montants suivants pour des opérations entre apparentés :

(en milliers de dollars)	2010	2009
Créances	627 \$	684 \$
Subventions à payer	60	110
Créditeurs et charges à payer	7	41
Produits reportés	774	850

20 Chiffres correspondants

Certains chiffres de 2009 ont été reclassés pour se conformer à la présentation adoptée en 2010.

Tableau 1

Charges de subventions par service

Exercice se terminant le 31 mars

(en milliers de dollars)	2010	2009
Programmes des arts		
Musique	29 474 \$	29 633 \$
Théâtre	26 540	26 852
Lettres et édition	24 597	23 750
Arts visuels	21 273	21 054
Danse	18 308	18 766
Arts médiatiques	14 304	14 244
Commission du droit de prêt public	9 963	9 954
Inter-arts	2 522	3 187
Promotion de la diffusion	2 189	1 997
Initiative de développement créatif de l'Alberta	2 163	1 907
Arts autochtones	1 747	894
Équité	1 417	1 683
Autres	1 595	1 699
Programme Killam		
Bourses de recherche Killam	1 190	1 330
Prix Killam	500	500
Autres prix et bourses		
Prix Victor-Martyn-Lynch-Staunton	105	105
Prix Molson	100	100
Bourse John-G.-Diefenbaker	75	75
Prix Walter-Carsen	50	50
Autres prix et bourses < 50 000 \$	278	406
	158 390 \$	158 186 \$

Tableau 2

Charges d'administration

Exercice se terminant le 31 mars

(en milliers de dollars)			2010	2009
	Programmes	Administration générale	Total	Total
Traitements	8 635 \$	6 093 \$	14 728 \$	13 895 \$
Avantages sociaux	2 312	1 593	3 905	3 794
Locaux	33	3 790	3 823	3 419
Services professionnels et spéciaux	542	1 346	1 888	1 747
Déplacements du personnel	680	222	902	1 007
Amortissement	-	948	948	899
Impression, publication et reprographie	36	427	463	617
Communications	143	294	437	454
Gestion de l'information	-	399	399	370
Frais des réunions, y compris honoraires des membres	110	191	301	267
Frais et matériel de bureau	3	265	268	300
Charges diverses	18	24	42	32
	12 512 \$	15 592 \$	28 104 \$	26 801 \$

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Publisher

CANADA COUNCIL FOR THE ARTS

2010-11

Annual Report

CREATIVITY.
COMMUNITY.
LIFE.

Antoine Tanguay

Sonya Thissen



Protocol official

Onalee Groves


Maxime Béliveau



Culture officer



Student



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CANADA COUNCIL FOR THE ARTS

2010-11

Annual Report



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for the Arts**

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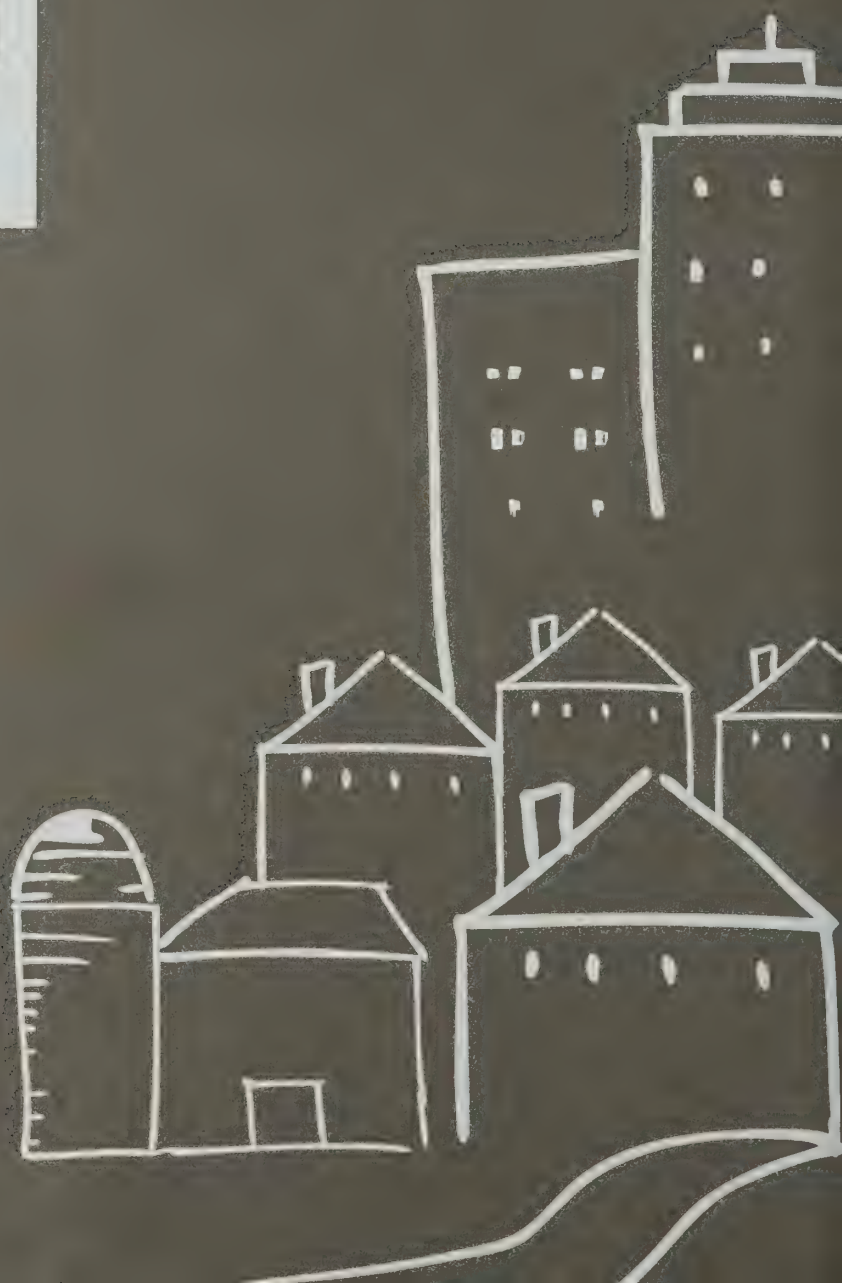
Canada



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Message from the Chair

As readers of this annual report may know, I came to the Canada Council's Board of Directors, not as an artist or arts administrator, but as a businessman with a deep appreciation of the arts. Throughout my career I've seen the value of the arts first-hand. Business thrives in a climate of creation – or as I sometimes prefer to say – invention. Artists are inventors. They see new patterns and ways of being, and bring them to light for the rest of us. They bring passion and commitment to their ideas and visions and they must be willing to take risks to bring them to fruition.

I could speak at great length about the benefits that a healthy arts ecology brings to Canada – but in this annual report, we're letting Canadians speak for themselves. Students, seniors, city workers, businessmen, volunteers – all attest to the value of art experiences offered by artists and arts organizations funded by the Canada Council. These individuals are at the very heart of why Canada invests in the arts. They are also just the tip of the iceberg in terms of the huge potential that exists in keeping Canada at the forefront of artistic and cultural engagement.

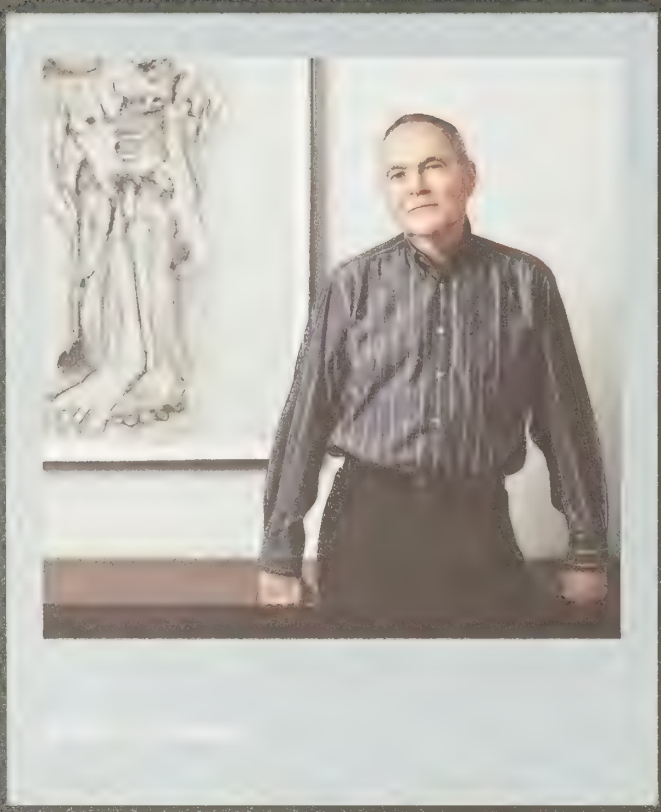
This annual report also highlights the Canada Council's achievements in the final year of its 2008-11 Strategic Plan. I'm pleased to say that we've made great progress in advancing the plan's five strategic directions: through our programs and services we've increased our support to individual artists and arts organizations, while advancing equity, and developing partnerships and organizational capacity.

But as much as we celebrate these accomplishments, we are already looking ahead with our new five-year Strategic Plan for 2011-16, which was developed through extensive consultation with the arts community and other stakeholders. *Strengthening Connections* provides stability and continuity in a period of economic uncertainty by pursuing the five directions of the past three years. At the same time, it addresses the evolving needs of artists in the 21st century, whether they are adapting their practice to new technologies, looking for synergies that will spark new artistic directions, or finding new ways to engage Canadians.

I speak for my fellow Board members when I say that I'm pleased to be embarking on this new plan with Director and CEO Robert Sirman. Mr. Sirman's re-appointment last year for another four years is a testament to the Canada Council's sound management practices and we look forward to continuing to work together to ensure cost-effectiveness, accountability and transparency in all aspects of the organization.

Finally, I've mentioned that as a businessman I understand the societal benefits of the arts. But what really drives me is the impact that the arts have on us all as individuals. The way the arts touch our hearts and minds – whether we're listening to music, touring a gallery or reading a good book.

"AS A BUSINESSMAN I UNDERSTAND THE SOCIETAL BENEFITS OF THE ARTS
BUT WHAT REALLY DRIVES ME IS THE IMPACT THAT THE ARTS HAVE ON
US ALL AS INDIVIDUALS. THE WAY THE ARTS TOUCH OUR HEARTS AND
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Message from the Director & CEO

Culture runs through our everyday lives like a thread that connects us through time and space. It's the music we listen to, the stories we share, the objects that inspire us. It gives our communities character and opens doors to understanding, innovation and well-being. It adds richness and diversity to our lives. But we rarely stop to celebrate our interactions with culture – and its highest form of expression, the arts. They're simply there ... vital yet intangible.

For three days in fall 2010, Canadians did stop to celebrate the arts and culture. The inaugural edition of Culture Days was a grassroots movement – inspired by Quebec's successful Journées de la culture – that became a groundswell of public participation involving over 700 communities and hundreds of thousands of people across the country. People of all ages and backgrounds came together to take part in free, hands-on and behind-the-scenes arts activities. Through Culture Days, the intangible became concrete, and the Canada Council is proud of its role in providing the three-year seed funding that made its first edition possible.

This impressive story is one of thousands that unfold each year. In 2010-11, upwards of 2,000 communities across Canada were impacted by Canada Council funding. While the primary recipients of funding may be artists and arts organizations, the return on investment is a vigorous creative life that benefits all Canadians.

This Annual Report documents the Canada Council's activities in the final year of its 2008-11 strategic plan. It reports on our performance against five strategic

directions – support to artists and arts organizations, equity, partnerships, and organizational capacity. I'm proud of the clarity of vision that the plan provided to the organization and the process of transformation that it kick-started.

By the time you read this report, we will be well into the first year of implementing a new five-year strategic plan (2011-16). The extensive consultations we held with stakeholders confirmed that we are on the right track with the five directions mentioned above. In addition, three themes emerged through the consultations: the importance of synergy within the arts infrastructure to make it more sustainable and adaptable to ever-changing realities; the many ways that new technologies are affecting artistic practices and the way we experience the arts; and a growing consciousness of the need to better engage the public in the arts to build understanding and appreciation. The Canada Council has a leadership role to play in addressing these themes and we have woven them into our planning. Fundamentally, the new strategic plan recognizes the importance of strengthening connections – within the arts community and between Canadians and the arts – to balance stability and continuity with relevance and renewal.

While last year's financial statements reflect the downside impact of market volatility on the Council's investments, the corporate scorecard makes clear the strength of its management and program delivery – and the story doesn't end there. Personal accounts from men and women across Canada show how the arts are making a difference. They reveal this vital thread that connects us ... our culture, our communities, our lives.

"THE NEW STRATEGIC PLAN RECOGNIZES THE IMPORTANCE OF STRENGTHENING CONNECTIONS — WITHIN THE ARTS COMMUNITY AND BETWEEN CANADIANS AND THE ARTS — TO BALANCE STABILITY AND CONTINUITY WITH RELEVANCE AND RENEWAL."

THE FINANCIAL AID OF THE COUNCIL REPRESENTS A STABLE SUPPORT THAT
HELPS TO PRESERVE THE CONNECTION BUILT OVER THE YEARS BETWEEN
THE CANADIAN PUBLIC AND THE WORK OF THOUSANDS OF ARTISTS.



Management's Discussion and Analysis

The scope of the Canada Council

The Canada Council for the Arts plays an active role in the arts ecosystem. The thousands of grants that it awards annually to artists and arts organizations are essential to maintaining the stability of this fragile, but resilient, ecosystem. The environment in which artists and organizations operate is sometimes affected by factors beyond their control; the recent economic downturn, for example, led to a drop in revenue for many organizations. For these organizations and their communities, the Council's financial aid provides stability which is needed to preserve the connection built over the years between the Canadian public and the work of thousands of artists. In 2010-11, the Council's support for professional artists and arts organizations was \$154.5 million. A total of 3,807 organizations and 2,291 artists received grants. Of these, 1,114 artists were first-time grant recipients. Also, over 17,000 writers received public lending right payments. These numbers show that the arts are thriving in Canada and that there is a strong generation of emerging artists. The Council's assistance reaches 518 communities in Canada and 116 others internationally.

National expertise benefits everyone

The Canada Council is Canada's national arts funding organization. Its operations are based on a unique national expertise and transparent process; its administration is based on values and strategic directions that are clear and revised and analysed in response to the changing realities of the cultural sector.

This year, 721 artists and cultural workers from all regions of Canada participated in peer assessment committees organized by the Council. Their acknowledged expertise was, once again, the guarantee of a rigorous and transparent attribution of funding. They shared their knowledge and understanding of arts practices to select artistic projects and recommend grants. Their expertise represents a unique collective value that results in a remarkable supply of artistic wealth for Canadians.

Strategic intervention

The Canada Council has now completed the final year of its strategic plan *Moving Forward 2008-11*. The vision it put forward was based on five strategic directions: (1) reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada; (2) broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country; (3) enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations; (4) make partnerships with other organizations a key element in the Council's approach to advancing its mandate; (5) implement structural changes within the Council to improve communication and strengthen the organization's capacity to implement change. Above all, the Council's goal has been to support the arts sector and its diversity and vitality, which in turn, enriches the lives of Canadians. The tables that follow provide an overview of the distribution of funding, while the following comments give more details on the nature of the Council's interventions.

Support for artists and arts organizations

The Canada Council has maintained its support for professional artists. The number of applicants, the number of artists receiving their first grant and the number of artists receiving a grant have remained relatively stable throughout the three years of the strategic plan. The results of two programs, in particular, illustrate the operational flexibility of the Council and its concern for streamlining.

First, despite the economic instability of the past year, the Canada Council's Art Bank retained the loyalty of its government clientele and increased its share of private-sector clients, allowing it to post a surplus. The surplus was used to purchase new works of art to expand its collection. As such, the Art Bank's balanced budget approach enables it to pursue its mandate to make contemporary art accessible to as wide an audience as possible.

In the first year of the three-year Strategic Plan, the Council invested \$700,000 in the Public Lending Right program (PLR). Using the payment scale established by the PLR Commission, the program was able to respond to the constant growth in the number of authors who are registered, and offer a significant payment to authors of newly-registered titles. In the last fiscal year, 17,487 authors in 1,783 Canadian communities received \$9.9 million in PLR payments. Throughout 2011, numerous organizations are celebrating the 25th anniversary of the program. Their engagement shows the popularity of the public lending right principle, the high level of support for the program and the importance of acknowledging the right to free access to culture.

The Council examines and revises its programs on an ongoing basis to ensure they are relevant, coherent and reflect the ever-changing arts ecosystem. For example, the Council recently undertook two separate exercises: it reviewed its program evaluation framework and consolidated its programs.

The Council's revised program evaluation framework, entitled *The Path Forward*, describes a framework for regular program evaluation that corresponds more closely to its mandate and the national scope of its interventions. Already, in 2010-11, the Council evaluated, as pilot projects, two programs using this framework: the Artists and Community Collaboration Program, and Assistance to Professional Canadian Contemporary Art Dealers.

The program consolidation exercise, conducted by all sections of the Council, follows up on an exhaustive analysis of the organization's program offerings. This exercise will continue throughout the next few years, adapting as needed to different artistic realities. This year, the Media Arts Section consolidated its programs of assistance to media arts organizations to reflect the current media arts environment and in response to a far-reaching consultation of the media arts community. Ten programs were consolidated into four, allowing for greater flexibility, a simpler application process, a reduced number of applications and as a result, reduced evaluation costs. Further, grouping applications within a single program gives a better overall vision of the media arts practice and a greater coherence in evaluation. The objectives of each program are clearly stated in a way that allows for the measurement of results. The Media Arts Section is now working with Research and Evaluation to develop performance indicators.

Finally, the Canada Council has developed a Program Architecture Logic Model that illustrates the effective and complex interaction of its activities, and the strategic, targeted and concerted nature of its interventions. More than just a chart of Council's operational structure, this model will be used over the next few years to evaluate how the combination of the organization's interventions and the results obtained help it to achieve its objectives. While it highlights that programs are central to the Council's activities, it also takes into account how other strategic directions are applied to overall activities.

Leading the way in equity

In 2010-11, the Canada Council continued to advance its commitments to equity. For example, the Council recognizes the contribution made by disabled and Deaf artists and is developing a strategy for disabled artists to ensure that they have equitable access to its programs and services. As well, the Council has launched a project to establish an arts strategy for Nunavut. This new initiative is aimed at increasing the Council's presence in Nunavut in a way that takes into account the priorities, interests and realities of this region, and ensures that artists and arts organizations in this territory have equitable access to the Council's programs and services.

Partnerships

More than ever, the Council is promoting partnerships with other organizations, in order to pool resources to extend its reach. One example is the partnership with Business for the Arts¹ that makes it possible to discuss arts funding on a national scale with the private sector. Also, the Canadian Public Arts Funders (CPAF) network has begun discussions on the digital transition in our society and the impact of new technologies on the arts. It recently conducted research on this theme to support these conversations².

The Council and the Alberta Foundation for the Arts (AFA) renewed the Alberta Creative Development Initiative (ACDI) for 2010-11. Over three years, the program has distributed \$6 million in grants to more than 350 professional artists and arts organizations. For 55% of these artists, this was their first-ever Council grant, and several had never before received funding from either of the two organizations. This initiative allowed the Council to reinforce its support for the arts in Alberta.

Partnerships also make for increased efficiency. The result of a joint effort by arts funding agencies, the CADAC system (Canadian Arts Database / Données sur les arts au Canada) is playing an increasingly significant role. The Council provides the secretariat for this web-based system which captures and analyses financial and statistical data of Canadian arts organizations funded by several federal, provincial, territorial and municipal arts agencies. It provides essential information on the financial and statistical situation of arts organizations in a way that is reliable and consistent across funding agencies, while identifying different trends at the national, provincial and regional levels. Several other arts organizations have already shown a strong interest in participating in CADAC as it lightens the administrative burden on arts organizations by allowing them to complete one set of financial forms. The system was inspired by a commitment to partnership and collaboration, and pays dividends in operational efficiency.

Organizational development

In 2010-11, the Council embarked on a number of initiatives to help it make the organizational changes needed to adapt to its evolving environment and to ensure efficient processes.

The Council struck the Business Processes and Systems Steering Committee to establish an inventory of administrative processes, the information systems that support them and the corresponding infrastructures with a view to better integrate systems and simplify processes. The exercise also aims to facilitate more effective accountability. It will enable the Council to renew its web presence by offering a user-friendly platform for information exchange, adapted to the needs of the community and integrated into the systems used by the Council.

New technologies offer several possibilities to enhance process efficiency that the Council has not hesitated to adopt. This year, the Council tested the use of the iPad tablet computer and WebEx videoconferencing technology for its peer assessment committees. The iPad could replace the vast amount of paper documentation that committees currently have to review; videoconferencing makes it easier to solicit the one-time participation of specialists to discuss certain items in the committees. The results are encouraging and show that significant savings can be realized.

The Council also wants to respond to the strong trend toward increasing public engagement in the arts. It wants to expand on the scope of its messa-

ges on the role of the arts in society and promote greater citizen engagement. The Council is developing a global communications strategy that will include the redesign of its website and increased use of social media.

The future: strengthening connections

The end of one strategic plan announces the beginning of another. In April 2010, the Canada Council launched a consultation on follow-up to the 2008-11 Strategic Plan, *Moving Forward*. The 2,500 responses it received demonstrate the interest and confidence of the arts community in the Council. The majority of respondents felt it necessary to continue to pursue the objectives identified in the 2008-11 Strategic Plan. The Council has thus adopted a new strategic plan for the period 2011-16, *Strengthening Connections*, which reaffirms its commitment to the major directions of the previous plan. However, these directions are overlaid by three themes that were identified in the consultation:

- **Synergy**, to bring people together and allow them to share their experiences, and to promote the pooling of various stakeholder resources in the arts;
- **New technologies**, to ensure that the arts sector is not left behind in the transition to a digital society;
- **Public engagement**, to allow artists and arts organizations to broaden and deepen their engagement with audiences. The Council will underscore the contribution that artists and arts organizations make to the lives of all Canadians.

The way in which the 2011-16 Strategic Plan will be achieved is further elaborated in the 2011-16 Corporate Plan (a summary version is available on the Council's website). This plan integrates the essential elements of the strategic plan, the budget, the evaluation framework and the risk management plan, and identifies the indicators that will be used to measure the results of Council's actions. The culmination of an internal process of cooperation, it expresses the Council's commitment to align the organization's actions with its strategic priorities and administrative and financial framework.

The current activities and strategic directions of the Council integrate the values that have defined it since its creation. Respect for artistic merit, a historic commitment to diversity and equity, quality of decision-making and responsiveness, expertise and commitment of staff, adaptability and flexibility, transparency and accountability remain the core values of the Canada Council for the Arts.

1. Business for the Arts was founded in 1974 by a group of leading business CEOs in Canada. They saw a need to encourage strong relationships between business and the arts in order to strengthen cultural institutions, support artists and improve quality of life for all. The partnership with the Canada Council makes it possible to hold a series of round tables across the country, bringing together public and private stakeholders to discuss arts funding.

2. Canadian Public Arts Funders (CPAF) is a network that unites and serves the federal, provincial and territorial arts councils and equivalent public arts funders. The CPAF network is assisted by a Secretariat housed at the Canada Council. The research report entitled *Digital Transitions and the Impact of New Technology on the Arts* can be consulted on CPAF's web site (<http://cpaf-opsac.ca>).

Corporate Scorecard

Canada Council at a glance

	2010-2011	2009-2010
	[000s]	[000s]
Parliamentary appropriation	\$ 181,277	\$ 183,122
Grants		
Arts programs	\$ 141,363	\$ 145,104
Prizes and fellowships	\$ 3,261	\$ 3,523
Public Lending Right payments	\$ 9,908	\$ 9,963
Total	\$ 154,532	\$ 158,390
Grant applications		
Individual artists	9,194	9,634
Arts organizations	6,249	6,505
Total	15,443	16,139
Applications received via GO! Grants Online (included in total above)	3,128	2,922
Grants awarded		
Individual artists ¹	2,291	2,347
Arts organizations ²	3,807	3,853
Total	6,098	6,200
Communities in which the grants were awarded ³	634	652
First-time applicants (individual artists and arts organizations)		
First-time applicants	3,203	3,749
Communities where they live or are located	620	691
First-time recipients	1,114	1,130
Peer assessors		
Peer assessors	721	757
Communities where they live	169	147
First-time peer assessors	295	347
Canada Council Art Bank		
Works in collection	17,512	17,503
Works loaned on rental contracts	5,144	5,980
Rental income	\$ 1,916	\$ 2,106
New purchases	26 \$ 69	210 \$ 596
Works divested	17 \$ 50	24 \$ 51
Insured value of works	\$ 71,108	\$ 68,197
Canadian Commission for UNESCO		
Participation in events related to UNESCO's mandate	47	36

For comparative purposes, all figures are based upon information as at June 1, or the next business day, of each fiscal year, except in some cases where figures rely on data from final reports of the grants. These figures are updated on an annual basis to reflect the most recent information.

1. An individual artist may receive more than one grant in a given year. For example, an individual artist may receive a project grant and a travel grant.

2. An arts organization may receive more than one grant in a given year. For example, an arts organization may receive a project grant and an operating grant.

3. This figure includes 518 communities in Canada and 116 international communities in 2010-11 (Canadian artists and authors residing outside Canada and international publishers and co-producers).

Direction 1 Individual Artists

Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.

	2010-2011		2009-2010	
		[000s]		[000s]
Support to individual artists (recipients/funding)	2,118	\$ 22,066	2,165	\$ 23,256
Strategies and program initiatives (recipients/funding)				
Support for residencies and commissioning	39	\$ 513	30	\$ 514
Support to artists and community collaborations	7	\$ 148	13	\$ 143
Multi-year project support to individual artists	43	\$ 1,756	45	\$ 1,798
Public Lending Right program				
Canadian authors receiving payments	17,487	\$ 9,908	17,058	\$ 9,963
Communities where they live (in Canada)	1,783		1,765	
Communities where they live (outside Canada)	365		358	
Celebrating exceptional achievement through prizes and fellowships				
Prize and fellowship recipients	201	\$ 3,261	219	\$ 3,323
Prize presentation ceremonies	16		12	
Communities where ceremonies were held	6		6	
Fine stringed instruments awarded on three-year term loans	14		14	
Insured value of instruments (\$US)		\$ 27,276		\$ 27,276
Honoraria and reading fees for members of peer assessment and advisory committees				
Peer assessment committees - honoraria		\$ 840		\$ 816
Peer assessment committees - file reading fees		\$ 536		\$ 596
Advisory committees		\$ 61		\$ 37
Total		\$ 1,437		\$ 1,449
Support for dissemination activities (recipients/funding)	156	\$ 1,269	223	\$ 1,802
Travel grants (grants/funding)				
Travel grants to professional artists	869	\$ 1,157	873	\$ 1,189
Other travel grants ¹	569	\$ 1,868	542	\$ 2,073
Total	1,438	\$ 3,025	1,415	\$ 3,262
Number of countries visited (approximate)	81		100	
National touring grants (music, dance, theatre)(grants/funding)	33	\$ 324	32	\$ 320
Grants for work in an international context (grants/funding)	648	\$ 3,192	720	\$ 3,400

¹ Includes grants through the Audience and Market Development program and Aboriginal Peoples Collaborative Exchange.

Direction 2 Arts Organizations

Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country.

	2010-2011		2009-2010	
	[000s]		[000s]	
Support to organizations (recipients/funding)	2,250	\$ 120,258	2,256	\$ 122,486
Operating support to organizations (recipients/funding)				
Annual operating support	371	\$ 15,988	380	\$ 16,422
Multi-year operating support	647	\$ 75,437	636	\$ 75,119
Total		\$ 91,425		\$ 91,541
Project support to organizations (recipients/funding)				
Annual project support	1,750	\$ 26,835	1,744	\$ 28,203
Multi-year project support	53	\$ 2,000	71	\$ 3,610
Total		\$ 28,835		\$ 31,813
Strategies and program initiatives (recipients/funding)				
(amounts included in totals above)				
Support for residencies and commissioning	83	\$ 1,093	99	\$ 1,339
Support to artists and community collaborations	56	\$ 827	74	\$ 1,126
Flying Squad and Flying Eagle support	223	\$ 1,420	223	\$ 1,460
Support for dissemination activities (recipients/funding)	1,347	\$ 23,292	1,419	\$ 26,955
Support to visiting foreign artists (recipients/funding)				
(amounts included in total support for dissemination activities above)	48	\$ 120	55	\$ 129
Number of countries represented	23		28	
Touring grants (grants/funding)				
Touring grants (music, dance, theatre only)	138	\$ 3,444	173	\$ 3,783
Literary readings¹				
Grants for literary readings (grants/funding)	174	\$ 699	184	\$ 697
Literary readings	1,102		1,093	
Host organizations	153		168	
Communities where they are located	102		108	
Grants for work in an international context (grants/funding)	738	\$ 9,466	731	\$ 8,286

Direction 3 Equity

Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations.

	2010-2011		2009-2010	
	[000s]		[000s]	
Support to Aboriginal arts organizations and artistic practices (recipients/funding)				
Capacity Building Program for Aboriginal arts organizations	31	\$ 711	29	\$ 960
Other support to Aboriginal arts organizations and artistic practices	411	\$ 6,692	409	\$ 6,908
Total		\$ 7,403		\$ 7,868
Support to culturally diverse arts organizations and artistic practices (recipients/funding)				
Capacity building grants for culturally diverse arts organizations and artistic practices	54	\$ 1,501	44	\$ 1,344
Other support to culturally diverse arts organizations and artistic practices	641	\$ 9,356	597	\$ 9,103
Total		\$ 10,857		\$ 10,447
Support to artists and arts organizations from official language minority communities² (recipients/funding)	470	\$ 8,761	482	\$ 9,328

¹ As a result of changes to the Literary Readings program, figures for 2009-10 should not be compared with data reported in 2008-09 or earlier. Beginning in 2009-10, organizations hosting large reading series are funded under the new Grants for Literary Arts Promotion program.

² Support for artists and organizations working in official language minority communities is calculated on the basis of data collected in a different way than that of the two preceding equity groups. Any comparison between the different groups would therefore not necessarily be accurate.

Direction 4 Partnership

Make partnerships with other organizations a key element in the Council's approach to advancing its mandate.

Draw on the benefits of networks and partnerships (recipients/funding)

Alberta Creative Development Initiative (ACDI)¹

2010-2011		2009-2010	
	[000s]		[000s]
82	\$ 1,116	135	\$ 2,160

New activities related to research capacity²

CADAC: Canadian Arts Data

Contribution towards a website to allow the Canada Council and other public funders to collect and share data on Canadian arts organizations in order to measure the performance of arts organizations across Canada

\$ 159	\$ 134
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Contribution towards the development of the book and periodical publishers forms

\$ 100

Direction 5 The Council's Organizational Development

Enhance the Council's capacity to support the arts and implement change by strengthening its structure, staffing and services.

Practice high standards of accountability

Human Resources

Employees

239	233
-----	-----

Professional development and training costs per employee

\$ 976	\$ 1,342
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Number of employee-trips outside the National Capital Region

748	729
-----	-----

Communities visited by employees

93	96
----	----

Promote the arts

Media/public relations

News releases/media advisories issued

49	48
----	----

Council messages and ads in arts event programmes

41	55
----	----

Media reports on the Governor General's Literary Awards (print & broadcast)

973	603
-----	-----

Media reports on the Governor General's Awards in Visual and Media Arts (print & broadcast)

191	150
-----	-----

Canada Council website traffic (in thousands)

Page views per year

6,865	8,182
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Visits per year

1,363	1,354
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Unique visitors

698	760
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¹ The Alberta Creative Development Initiative (ACDI), begun in 2007-08, is a program designed to support the development of the arts in Alberta. It is a partnership between the Alberta Foundation for the Arts and the Canada Council for the Arts in collaboration with the Calgary Arts Development Authority and the Edmonton Arts Council. The Canada Council for the Arts and the Alberta Foundation for the Arts each contributed \$1,000,000 annually to ACDI in its first three years and an additional \$500,000 in 2010-11.

² The Council developed research capacities in the areas of survey methodologies, reporting on performance and outcomes, alternative research methodologies (e.g. Aboriginal arts community research consultations, "data mining," etc.), and developed expertise in the areas of reporting on issues related to equity, audience development and dissemination.

Index on the Arts

**\$45.6
billion**

impact of arts and culture
on the Canadian economy
(Statistics Canada 2010)

1,859

number of arts and culture
organizations in Canada
(Canadian Heritage 2007)

\$22,700

average annual income of
an artist (national average is
\$36,500 (2006 census data))

0.08%

percentage of Canadians
who attended at least one
type of arts or cultural event
or activity (Canadian Heritage
2007)

\$5.31

annual cost of the Canada
Council per Canadian
(2010-11)

**\$154.5
million**

total operating budget of
the Canada Council
(2010-11)

86%

percentage of Canadians
who attended at least one
type of arts or cultural event
or activity (Canadian Heritage
2007)

90%

percentage of Canadians
who attended at least one
type of arts or cultural event
or activity (Canadian Heritage
2007)

609,000

people employed in the arts
and culture sector (Statistics
Canada 2006)

Financial Overview

Highlights

The Council receives an annual appropriation from Parliament which, for the year ended March 31, 2011, was \$181.3 million, \$1.8 million less than in 2009-10. Main elements of this change include a reduction of \$1.4 million due to the elimination of funding for the Sound Recording Program, a net reduction of \$734 thousand relating to wages and fiscal restraint, and a net increase of \$247 thousand related to various minor funding adjustments. The Council's net financial result for the year is a loss of \$46.5 million in comparison to a budgeted net return of \$205 thousand and a loss of \$19 thousand for 2009-10. The major item affecting the result is the net investment income loss of \$36.9 million, a shortfall of \$48.3 million to budget and \$44.8 million less than the previous year. Excluding the shortfall in net investment income to budget, the Council had a net positive result of \$1.8 million.

In 2010-11, the Canada Council Endowment and Special Funds and the Killam Funds had positive one-year returns of 5.4% (14.8% in 2009-10) and 5.6% (15.2% in 2009-10), respectively. The investment portfolios continued to be positively affected by the recovery of world and Canadian equity markets and economies from the significant decline that occurred during the 2008-09 global economic slowdown. As at March 31, 2011, the fair value of the Council's investments was \$279.2 million, an increase of \$13.7 million over the prior year. The extent and timing of this recovery in fair value, however, varies by investment and the Council annually tests each investment instrument for impairment. During the year the Council determined that remaining declines in fair value for certain specific investments were other than temporary and accordingly recognized impairment in their carrying value in the amount of \$58.9 million. This impairment recognition had no impact upon the Council's ability to operate or upon its current or future ability to generate returns from its investments, as these are dependent on fair value and other factors and the decline in fair value has been in effect for a prolonged period. It did impact upon the allocation of the Council's equity as between reserves, accumulated other comprehensive income and retained earnings. 2010-11 was the third year of the *Council's Strategic Plan 2008-11* and the Council continued to deliver against the strategic directions identified in the plan, without significant resource reallocation, while preparing plans consistent with the exercise of fiscal restraint in future years.

Balance Sheet as at March 31

(in thousands of dollars)	2011	2010
Total assets	\$ 306,035	\$ 299,063
Total liabilities	37,987	37,592
Total equity	268,048	261,471

Statement of Operations for the years ending March 31

Parliamentary appropriation	\$ 181,277	\$ 183,122
Net investment income	(36,942)	7,825
Other revenue	1,979	3,259
Total revenue	146,314	194,206
Programs	174,433	176,628
Canadian Commission for UNESCO	2,168	2,005
General Administration	16,237	15,592
Total expenses	192,838	194,225
Net results for the year	\$ (46,524)	\$ (19)

Balance Sheet

Assets

As at March 31, 2011, total current assets were \$3.3 million, a decrease of \$6.8 million over the previous year. Current assets are those assets that in the normal course of operations are expected to be converted into cash or expensed within the next year. The major decrease occurred in cash equivalents, which decreased from \$4.5 million at March 31, 2010 to \$340 thousand at March 31, 2011, and in derivatives, which decreased from \$3.8 million to \$300 thousand as at the same dates. The derivative asset for both years represents unrealized gains on foreign currency forward contracts that matured on March 31 but settled subsequently. Cash equivalents represent the temporary investment of the Council's excess daily cash requirements in a short-term pooled fund managed by a professional money manager. The short-term pooled fund earned a return of 1.4% in 2010-11 and had an average term to maturity of 32 days (2009-10 a return of 0.25% and an average term to maturity of 19 days). The Council's current liability for bank overdraft at March 31, 2011 was \$2.6 million in comparison to \$3.5 million at March 31, 2010. The net \$3.3 million decrease in cash equivalents and bank overdraft during 2010-11 results from net cash provided by operating activities of \$2.9 million offset by cash used for investing activities of \$6.2 million.

As at March 31, 2011, the fair value of the Council's investments was \$279.2 million, including \$6.9 million in money market pooled funds targeted for future, long-term investments. Total investments increased \$13.7 million over the fair value of \$265.5 million recorded at March 31, 2010. The increase in fair value reflects the continued overall recovery in the world markets from the 2008-09 global economic slowdown. However, the extent and timing of this recovery in fair value vary with the nature of specific investments and the execution of mandates by investment managers.

Annually, as required by generally accepted accounting principles, the Council assesses each of its investment instruments against specific criteria to determine whether there is evidence that the carrying value may not be recovered and is therefore impaired. A significant or prolonged decline in the fair value of an investment below its cost is objective evidence of impairment and must be recognized when it is considered other than temporary. While the Council invests to obtain returns over the long term using a ten-year time horizon and allocates and structures its investments accordingly, other factors, notably significantly shorter time frames, must be considered when assessing impairment. Therefore, the Council considers a significant decline in value lasting three years to be prolonged and to be other than temporary if there is not objective indication of probable recovery within the subsequent year. During the year, the Council recognized an impairment of \$58.9 million in the carrying value of its investments in the global equity pooled funds asset class, as the decline in value was considered other than temporary.

The Council invests in units of pooled funds that are managed by professional money managers. The Council's investments are guided by a *Statement of Investment Policies and Goals*, which is approved by the Board and available from the Council. The objectives of the portfolio are to generate long-term real returns to supplement the parliamentary appropriation and to support the fellowships and prizes for the Killam Funds and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Funds and Special Funds represent contributions from non-owners that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Funds are required to be maintained in a separate investment portfolio that is consolidated for reporting purposes. The Special Funds are included with the Council's investment portfolio; a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time each contribution was received. The recognition of impairment of certain investments during the year had no impact upon the Council's current or future ability to generate returns from its investments or to meet its commitments regarding the Killam Funds and Special Funds as this is dependent on fair value and other factors and the impact of the decline in value has been in effect for a prolonged period.

In October 2010, the Board approved adjustments to the asset mix policy and as at March 31, 2011 the Council had completed the re-balancing of the portfolio. The *Statement of Investment Policies and Goals* allows for a grace period of six months for the rebalancing of the asset classes to the benchmark.

An Investment Committee, composed of independent experts with experience in both the investment field and the asset classes in which the Council invests, assists in the oversight and management of the portfolio. Council Board Members sit on the Investment Committee. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work. Following upon a competitive process, during the year the Council awarded the contract to provide investment advisory services to a new consultant effective April 1, 2011.

The Investment Committee reviews the Council's investment policy annually, and, as considered necessary and appropriate, recommends adjustments to the asset mix and to the diversification of the portfolio management structure. During the year, the Investment Committee assessed the effect of implementation of the policy on the portfolio at each meeting through obtaining regular updates from investment managers and a review of the portfolio's performance with the investment consultant. The table below shows the actual comparative asset mix as well as the asset mix targets for the portfolio.

	Asset Mix 2010-11		Asset Mix 2009-10	
	Actual	Target	Actual	Target
Investment				
Canadian equities	6%	5%	0%	5%
Global equities	43%	40%	46%	40%
Canadian fixed income	31%	35%	24%	35%
Alternatives	10%	10%	13%	10%
Real estate	4%	5%	3%	5%
Infrastructure	3%	5%	3%	5%
Money market	3%	0%	11%	0%

The Investment Committee closely monitors the level of risk within the portfolio. For the four years ending March 31, 2011 total fund return was -3.8% in comparison to a benchmark return for a portfolio of similar mix of -1.0%. For the same period the risk, as measured by the standard deviation of quarterly returns, was 10.1% for the fund compared to 10.0% for the benchmark. Both the benchmark and Council's investments underperformed in comparison to peers while the levels of risk were relatively high. Overall the risk levels indicate that Council's investments should outperform in times of market appreciation and over the longer term. However, this expectation varies with specific investments, their managers and investment strategies. The Council is currently undertaking a review of its asset allocation strategies and the desired levels of risk.

During the year, the Council realized net capital losses of \$4.2 million from the sale of a portion of its investment portfolio. In order to reduce the risk of currency exposure in the portfolio, the Council tries to minimize the impact of changes in currency by hedging the non-Canadian portion of the portfolio, excluding emerging markets, using a dynamic strategic hedging approach whereby the hedging by currency may range between 30% and 70% at a given point in time. During the year, this program resulted in a net currency gain of \$0.8 million, as the Canadian dollar appreciated in value, notably against the U.S. dollar, during the year.

Works of art and musical instruments appear on the Council's balance sheet at a value of \$20.7 million as at March 31, 2011, a net increase of \$19 thousand over the previous year. The Council insures these items at their fair value, which is significantly greater than the recorded carrying value. The Canada Council Art Bank has the largest collection of contemporary Canadian art in Canada, with over 17,500 works, and rents these works of art to interested public and private sector organizations. The Art Bank is allowed to reinvest any surplus from its operations in the acquisition of new works of art. The Council's Musical Instrument Bank owns or manages 15 historically important, fine stringed instruments and a fine cello bow, which are loaned to gifted young musicians for three-year terms.

Other capital assets include office equipment and leasehold improvements, which increased by \$116 thousand over the course of the year, reflecting that additions to assets marginally offset declines in useful value of existing assets as represented by amortization.

Liabilities

As at March 31, 2011, the combined balance of current liabilities was \$33.6 million, an increase of \$640 thousand over the previous year. Current liabilities are those liabilities that in the normal course of operations are expected to be paid within the next year and which have been included in the Council's expenses for 2010-11. They include the bank overdraft, grants payable; accounts payable and accrued liabilities; derivatives; and deferred parliamentary appropriations. In comparison to the prior year, the overdraft declined by \$901 thousand, grants payable declined by \$525 thousand, while accounts payable and other items increased by \$2.1 million.

Other liabilities include deferred revenues, which pertain to Art Bank rental fees received in advance of their due date, the unamortized portion of the lease inducement received from the Council's landlord; and employee future benefits, which represent the severance entitlements of the Council's employees and typically increase with each additional year of service. The net decrease in these items was \$245 thousand.

Equity

Equity consists of the following elements as at March 31

(in thousands of dollars)	2011	2010
Equity		
Contributed surplus	\$ 50,000	\$ 50,000
Retained earnings	11,423	12,715
Accumulated other comprehensive income	64,451	11,301
Reserve from the capitalization of investment income	121,445	166,745
Reserve for investment in works of art and musical instruments	20,729	20,710
	\$ 268,048	\$ 261,471

The contributed surplus of \$50 million represents the remaining original contribution by the government of an endowment in 1957 to enable the Council to be established.

Retained earnings in the amount of \$11.4 million include unspent grant budgets of previous years that are carried forward for a known future use and a balance of uncommitted funds to allow for the smooth operation of the Council. The Council transferred \$45.3 million to retained earnings from the reserve from capitalization of investment income. This transfer offset the impact of the net shortfall in investment income resulting primarily from the recognition of impairment in certain equity investments.

Accumulated other comprehensive income (AOCI) includes amounts relating to two items: unrealized gains or losses from available-for-sale financial assets and contributions from non-owners. Values relating to available-for-sale financial assets also include the reclassification to operations of any gains or losses on disposal or impairment of investments previously recognized in this component of AOCI. The contributions from non-owners consist of contributions received by way of donation or bequest that have been restricted for specific purposes by the donors; any income attributed to non-owner contributions that was not required during the year for the stated purposes of the contribution; the proportionate share of the unrealized gain or loss resulting from the fair value measurement of the Council's investments at March 31; and the reclassification to operations of any gains or losses on disposal of investments or impairment of investment previously recognized in this component of AOCI. The net effect of disposals of investments, the reclassification of impairment in investments and the unrealized portions of the increase in fair value of investments experienced during the year is an increase in AOCI of \$53.1 million in comparison to the prior year. After reclassifications, at March 31, 2011 net unrealized gains from available-for-sale financial assets were \$533 thousand (negative \$51 million at March 31, 2010); restricted contributions from non-owners were \$63.9 million (\$62.3 million at March 31, 2010).

The Council's policy is that, in years when investment income exceeds the amount of net budgeted investment income, an amount may be transferred

from the retained earnings to the reserve from the capitalization of investment income, and, in years when investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. The reserve from the capitalization of investment income was reduced by \$45.3 million during the year, representing the amount, that investment income was below the budgeted amount, that amount being primarily an impairment recognition resulting from a prior years' decline in fair value of investments. This transfer to retained earnings did not provide current-year funds to the Council, which was able to conduct its activities without requiring drawdown from the reserve. The total reserve of \$121.4 million at March 31, 2011 represents the sum of excess investment income since the establishment of the Council.

The final reserve of the equity account is the recognition of an amount which equals the cost of the Council's works of art and musical instruments. This recognizes that the ownership of works of art and musical instruments provides physical, rather than financial, capital to the Council.

Statement of Operations

Summary Statement of Operations for the years ending March 31

	Actual 2011	Budget 2011	Actual 2010
(in thousands of dollars)			
Revenue			
Parliamentary appropriation	\$ 181,277	\$ 181,697	\$ 183,122
Net investment income	(36,942)	11,400	7,825
Net Art Bank revenue	158	195	404
Other	1,821	1,374	2,855
	146,314	194,666	194,225
Expenses			
Programs	174,433	175,767	176,628
Canadian Commission for UNESCO	2,168	2,316	2,005
General Administration	16,237	16,378	15,592
	192,838	194,461	194,225
Net results for the year	\$ (46,524)	\$ 205	\$ (19)

The Council's net financial result for the year is a loss of \$46.5 million in comparison to a budgeted net return of \$205 thousand and a loss of \$19 thousand for 2009-10. The major item affecting the result is the net investment income loss of \$36.9 million, a shortfall of \$48.3 million to budget and \$44.8 million less than the previous year. Excluding the shortfall in net investment income to budget, the Council had a net positive result of \$1.8 million.

The Council receives an annual appropriation from Parliament. For the year ended March 31, 2011, this amount was \$181.3 million, \$1.8 million less than in 2009-10. The sources for the change are a reduction of \$1.4 million relating to the elimination of funding for the Sound Recording Program, a net reduction of \$734 thousand relating to wages and fiscal restraint, and a net increase of \$247 thousand representing several minor funding changes.

The financial markets in which the Council invests are quite diversified and, in 2010-11, the Endowment and Special Funds and the Killam Funds had positive one-year returns of 5.4% (14.8% in 2009-10) and 5.6% (15.2% in 2009-10) respectively. The portfolios continued to be positively affected by the overall improvement in the world and Canadian equity markets and economies.

Recognized net investment income, excluding impairment recognition of \$58.9 million, and the \$18.7 million portion attributable to contributions from non-owners, was \$3.2 million in comparison to \$13.1 million the prior year. This represents an increased return from interest, dividends and investment trading of \$2.0 million offset by a reduction in gains from foreign currency trading of \$11.9 million in comparison to the prior year. While the Canadian dollar continued to strengthen overall during the year, the extent and impact of this was not as significant as for the previous year. Net realized losses on disposal of investments were \$4.2 million compared to \$4.9 million the previous year. These losses resulted primarily from the disposal of equities for which the impairment in the carrying value of the remaining investments was recognized.

Chart I shows the annualized portfolio returns for the last ten years of the Endowment and Special Funds and the Killam Funds against the benchmark return. It shows the impact of the 2008 economic downturn and the subsequent recovery.

Chart I: Annualized Portfolio Returns (periods ending March 31)



The Council's investment policy prescribes that cash can be withdrawn from the portfolio at a rate of up to 4.5% of the previous three-year average market value, using balances at September 30. Chart II shows the annual portfolio returns for the Council in each year since 2002 and the corresponding effect those returns have had on the year-end market value. Chart II also demonstrates how the investment market returns can fluctuate year over year. The Council reinvests excess investment income above the budgeted amount in order to ensure the continued growth of the fund. This reinvestment is also intended to bring the value of the portfolio closer to what the original endowment amount from 1957 would be if expressed in today's dollars. This proactive approach helps bring additional stability and long-term growth for the Council. In years where investment income is not as favourable as expected, the Board may approve the use of previous years' capitalized income that is represented by the reserve from the capitalization of investment income, a component of equity on the balance sheet. For 2010-11 the Council transferred \$45.3 million from the reserve to retained earnings.

Chart II: Annual Portfolio Returns (periods ending March 31)



Net Art Bank revenue of \$158 thousand is \$37 thousand less than anticipated for the year and \$246 thousand less than last year's reported figure. This net return reflected the challenges of maintaining the increased rental of works of art attained in the prior year in the current environment. During the year, the Council acquired art works valued at \$68 thousand and disposed of works valued at \$49 thousand.

Other revenue includes the cancellation of grants awarded in previous years, boardroom rental fees, donations, tax rebates and others. These revenues can fluctuate from year to year; they decreased by \$1.0 million in 2010-11, but were \$447 thousand higher than budget.

Program expenses for the years ending March 31 include the following three components:

(in thousands of dollars)	Actual 2011	Budget 2011	Actual 2010
Grants	\$ 154,532	\$ 155,319	\$ 158,390
Administration	13,244	13,337	12,512
Services	6,657	7,111	5,726
	\$ 174,433	\$ 175,767	\$ 176,628

In 2010-11, program expenses accounted for 91% of Council's total expenses of \$192.8 million, the same percentage as in 2009-10. Program expenses were \$2.2 million less than the previous year and \$1.3 million less than budget. Grants to artists and arts organizations represented about 89% of the total program expenses; they decreased by \$3.8 million this year in comparison to the prior year. This decrease resulted primarily from the elimination of funding received for the Sound Recording program, the scheduled wind-down of programs such as the Alberta Creative Development Initiative and increases in service provision. Services include other types of support provided to the arts community, such as partnerships, advisory committees, research, workshop expenses, adjudication of programs, and program evaluation. Program administration costs represent the direct cost of operating the Council's programs. These include salaries, benefits, travel and professional services; these increased \$732 thousand over 2009-10. The Council will exercise fiscal restraint and seek economies regarding these costs in the next three fiscal years.

The Canadian Commission for UNESCO (CCU) operates under the aegis of the Canada Council. The CCU spent \$2,168 thousand in 2010-11, an increase of \$163 thousand over 2009-10 but \$148 thousand under budget. The CCU co-ordinates UNESCO program activities in Canada; encourages Canadian participation in UNESCO activities abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about future UNESCO programs and budgets to the Department of Foreign Affairs and International Trade. The CCU also initiates activities in Canada to advance and obtain visibility for UNESCO's program objectives.

General administration expenses include the cost of the Council Secretariat, Communications and Corporate Services (which includes Finance, Human Resources and Information Management). Items include salaries, benefits, travel, professional services, amortization, accommodation and others. These costs were \$645 thousand higher than those reported in 2009-10 and were \$141 thousand under budget. The increase represents the effect of wage increases, inflation and the Council's investment in processes and technologies which will provide net cost and service benefits in future years. As for administration costs related to general administration, the Council will exercise fiscal restraint and seek economies regarding these costs in the next three fiscal years.

Accounting Changes

In December 2009, the Public Sector Accounting Board (PSAB) amended the Introduction to Public Sector Accounting Standards (PSAS). This amendment eliminated the Government Business Type Organization (GBTO) classification which had applied to the Council and which had enabled the Council to present its financial statements applying the standards of part V of the Canadian Institute of Chartered Accountants (CICA) Handbook rather than PSAS. The CICA has replaced these standards with a series of new standards varying by type of enterprise, none of which are appropriate to the Council. Therefore, the Council revised its classification to Other Government Organization (OGO) and determined that the most appropriate basis of accounting that meets the financial information disclosure needs of its stakeholders are the standards issued by the PSAB relating to this classification. The Council has adopted the new accounting framework effective for the fiscal year beginning April 1, 2011. The financial statements for the March 31, 2012 year-end will include an opening balance sheet at April 1, 2010 and full

PSAS comparative information for the year ended March 31, 2011 compliant to the new statements, standards and formats.

The Council has completed a detailed review and developed a series of position papers to identify the impact of its transition to PSAB standards. In-depth analyses were performed regarding the following topics:

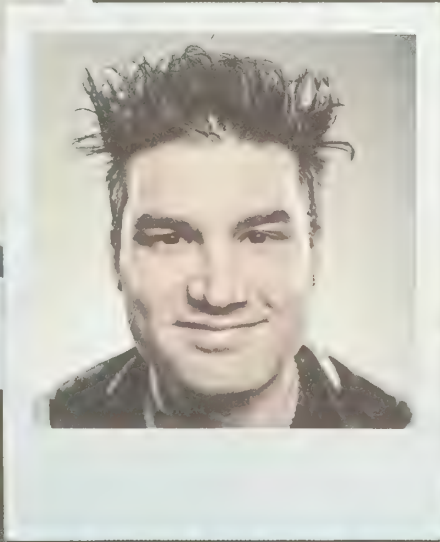
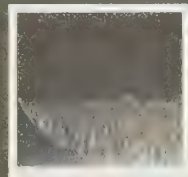
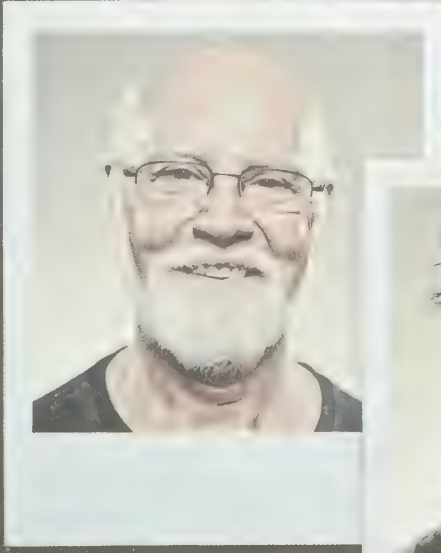
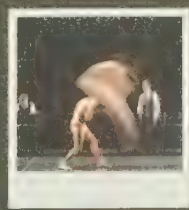
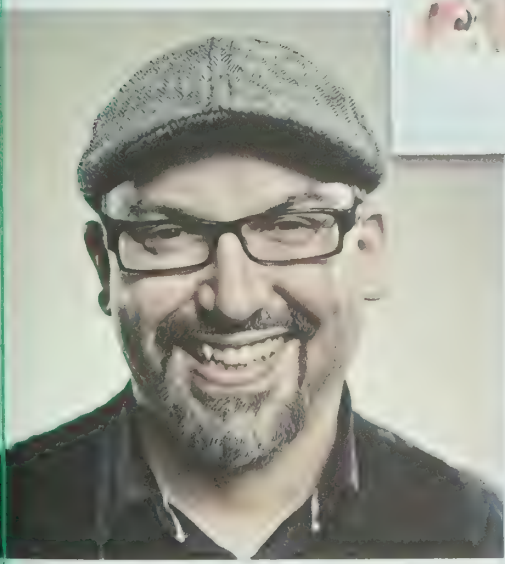
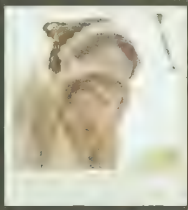
- First-Time Adoption
- Financial Instruments and Foreign Currency
- Tangible Assets (Work of Arts and Musical Instruments Bank)
- Endowments and Reserves

As for all other Crown corporations, effective April 1, 2011 the Council is required to provide financial statements to the Government of Canada quarterly. These quarterly financial statements will be prepared in accordance with PSAS.

CREATIVITY. COMMUNITY. LIFE.

"THE ARTS RUN THROUGH OUR LIVES LIKE A THREAD THAT
CONNECTS US. IT'S THE MUSIC WE LISTEN TO, THE STORIES
WE SHARE, THE OBJECTS THAT INSPIRE US."





POWELL & MAIN



"LOCAL BUSINESSES ARE ALWAYS PROUD TO BE A PART OF THE POWELL STREET FESTIVAL. THE FESTIVAL DOES AN INCREDIBLE JOB BRINGING SO MANY VISITORS AND TALENTED ARTISTS TOGETHER. PLUS, IT'S A WONDERFUL OPPORTUNITY TO CELEBRATE ONE OF THE MANY ASPECTS OF WHAT MAKES OUR COMMUNITY UNIQUE — ITS RICH JAPANESE-CANADIAN HERITAGE."

Andrés Ballester, Executive Director, Japanese-Business Improvement Association, Vancouver



Jay Hirabayashi and Barbara Bourget of Kokoro Dance. Photo: Stuart Davis / PNG

POWELL STREET FESTIVAL 35 YEARS OF BUILDING COMMUNITY

In August 2010, one of Canada's most vibrant community festivals once again brought art, music and colour to Vancouver's historic, yet challenged Downtown Eastside. The Powell Street Festival is known for the high calibre of artists it presents, but also for fostering a strong sense of community. It pays homage to the neighborhood's Japanese heritage and the thriving Japanese-Canadian community that existed before WWII when members of this community were forced into internment camps. This year, festival-goers explored some of Powell Street's historic buildings through an open-doors event organized with the Japanese Canadian National Museum and with the cooperation of local businesses and organizations. The festival, Vancouver's longest-running arts fest, celebrates its 35th anniversary in 2011.

Arts and Learning

UNESCO has long considered the arts as a vector for strengthening mutual understanding and interaction as well as for building a culture of peace and respect for cultural diversity. As far back as 1948, just three years after its creation, UNESCO gave its National Commissions a major role in the promotion of arts education, and Canadians have always been leaders in the field. The Canadian Commission for UNESCO joined forces with other Canadians in the UNESCO World Conferences on Arts Education held Seoul in 2010 and in Lisbon in 2006. It is also working in partnership with federal and provincial partners, including the Council of Ministers of Education, Canada, and the UNESCO Chair in Arts and Learning at Queen's University, to promote a greater awareness of the benefits of arts and creativity within Canadian schools and the broader community.

David Gillis and Toby Hughes in *Liars*, by the Manitoba Theatre for Young People, which was honoured by the Canadian Network for Arts and Learning at its 2010 symposium, for which the Canadian Commission for UNESCO was a partner. Photo: Leif Norman



The Frye Festival

In a spirit of discovery, enjoyment, accessibility and openness, the Frye Festival offers activities for every taste and age and reaches out to people in cafés, bars, shopping centres, libraries and schools – even city hall and the airport! During the Frye, Moncton becomes a city of books. A bilingual, international literary festival, the Frye welcomes some 15,000 people every year, giving them opportunities to meet many guest authors. In 2010, the festival's school/youth program arranged for some authors to meet with more than 10,000 students in New Brunswick schools. The festival also donated books to schools and awarded prizes totalling \$4,600 to the winners of its writing contest for high school students. The Frye's impact in Moncton is simply contagious. With a powerful presence on the Web, including social networks, the festival's year-round activities, supported by 90 partnerships, inject a vitalizing dose of literary culture into everyday life.

Children's literature author Jennifer McGrath-Kent. Photo: Dolores Breaux



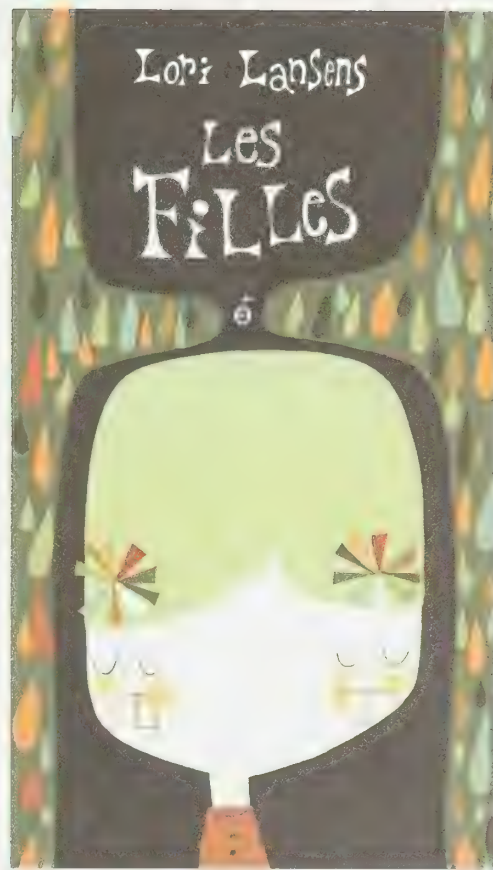
Reel Asian Film Festival

In February 2011, the Toronto Reel Asian International Film Festival went on tour with *Suite Suite Chinatown* to Winnipeg, Montreal, New York and San Francisco. For this project, seven Toronto filmmakers, all second-generation Asian-Canadian, were asked: "What is your Chinatown?" Their responses were then woven into a fascinating, multi-genre suite of short films revealing a broad range of perspectives on Chinatown's past, present and future. The suite is accompanied by music and acoustic effects performed live in front of the audience at film screenings. Each year, the festival showcases to the public the rich variety of contemporary Asian cinema and work by filmmakers from the Asian diaspora.

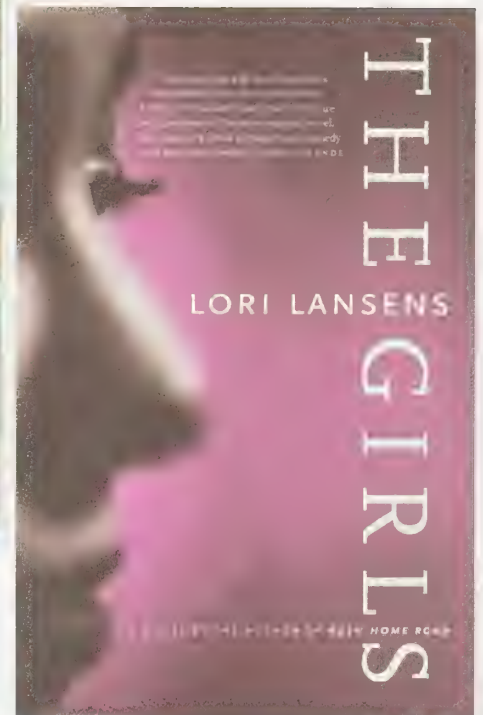
Audience at a screening of *Suite Suite Chinatown*. Photo: Ren Hui Yoong







Covers of Lori Lansens's *Les filles* (translation, illustration: Matte Stephens, Éditions Alto) and *The Girls* (original, Random House of Canada Limited)



WHEN A BUSINESS MEETING LEADS TO A MEETING OF CULTURES

We come to understand each other through our stories. But what happens when our stories are told in another language? Writers, publishers and translators play a role in breaking through language barriers to mutual understanding. With the cooperation of the Department of Canadian Heritage, the Canada Council provides publishers with funding to have Canadian books translated into French, English or an Aboriginal language. On January 28, 2011, the Council hosted Canada's first-ever translation rights fair, bringing together English and French-language publishers in Ottawa to meet and to ultimately make deals to publish translations of their books. It's an investment in the publishing industry that's a good news story for us all.

Les Sages Fous

With its puppet workshops, research labs and annual puppet festival, Les Sages Fous is a theatrical company that gives a big boost to the artistic vitality of the Trois-Rivières and Mauricie regions as well as to the development of the theatrical technique of puppet, masks and other effects. The company's traveling theatre – where images and gestures, not words, have pride of place and where circus-type acts are performed in unusual places – has piqued the interest of theatre professionals and has delighted large audiences of all ages around the world. The company has so far performed in 145 international festivals in 25 countries on four continents. In February, 2011, these "wild puppet farmers and players of curiosities" premiered *Le Petit Poucet* and then headed off to tour Quebec, followed by the Netherlands, Norway, Italy, Denmark, Poland and Hungary during the remainder of 2011.

(The Orphan Circus), 2010

Photo: Cinthia Chouinard





Gu Xiong, *Becoming Rivers*, 2010. In *Border Zones: New Art Across Cultures*, Museum of Anthropology, Vancouver. Photo: Chris Borchert

Art in the border zones

In our increasingly connected, global world, the borders that define and divide us are blurring. This blurry zone is an area of engagement and exchange, but also of tension and discomfort. These are the concepts that were explored in *Border Zones: New Art Across Cultures*, an innovative exhibition organized by the University of British Columbia's Museum of Anthropology in Vancouver (June–September 2010) that brought together 12 diverse contemporary artists. Gu Xiong's mixed-media installation, *Becoming Rivers*, referenced China's Yangtse River and B.C.'s Fraser River, both of which "come together" in the Pacific Ocean. Thematically, the work explores cultural integration and assimilation; physically it travels across museum boundaries, from gallery spaces to the outdoors. In 2010, Xiong's work was also featured in an exhibition catalogue, *Waterscapes*, produced by the Richmond Art Gallery, in Richmond, B.C.



"WE USE WORK FROM THE CANADA COUNCIL ART BANK TO SHOWCASE CANADIAN ART TO VISITING DIGNITARIES. FOR MANY OF OUR GUESTS, THIS IS A UNIQUE OPPORTUNITY TO DISCOVER AND APPRECIATE CANADA'S ARTISTIC TALENT AND DIVERSITY."

Sandra Prissner, Associate Chief of Protocol and Director (Specialty Units)
Foreign Affairs and International Trade Canada, Ottawa



ART IS IN THE AIR

Our art is a reflection of us as a people – so what better way to welcome visitors to Canada’s capital than with some of the country’s finest artworks. During the spring and summer of 2011, the hundreds of thousands of tourists who explore Ottawa’s historic Confederation Boulevard were treated to vibrant banners depicting 13 artworks from artists in each province and territory. The artworks were selected from the Canada Council Art Bank’s vast collection of contemporary Canadian art, and printed onto banners in collaboration with the National Capital Commission. Dignitaries (such as Prince William and Kate Middleton, the Duke and Duchess of Cambridge) who enter Canada via the Canada Reception Centre at Ottawa International Airport’s Hangar 11 are also greeted by Canadian art thanks to the Art Bank’s successful art rental program.



Edmonton Symphony Orchestra

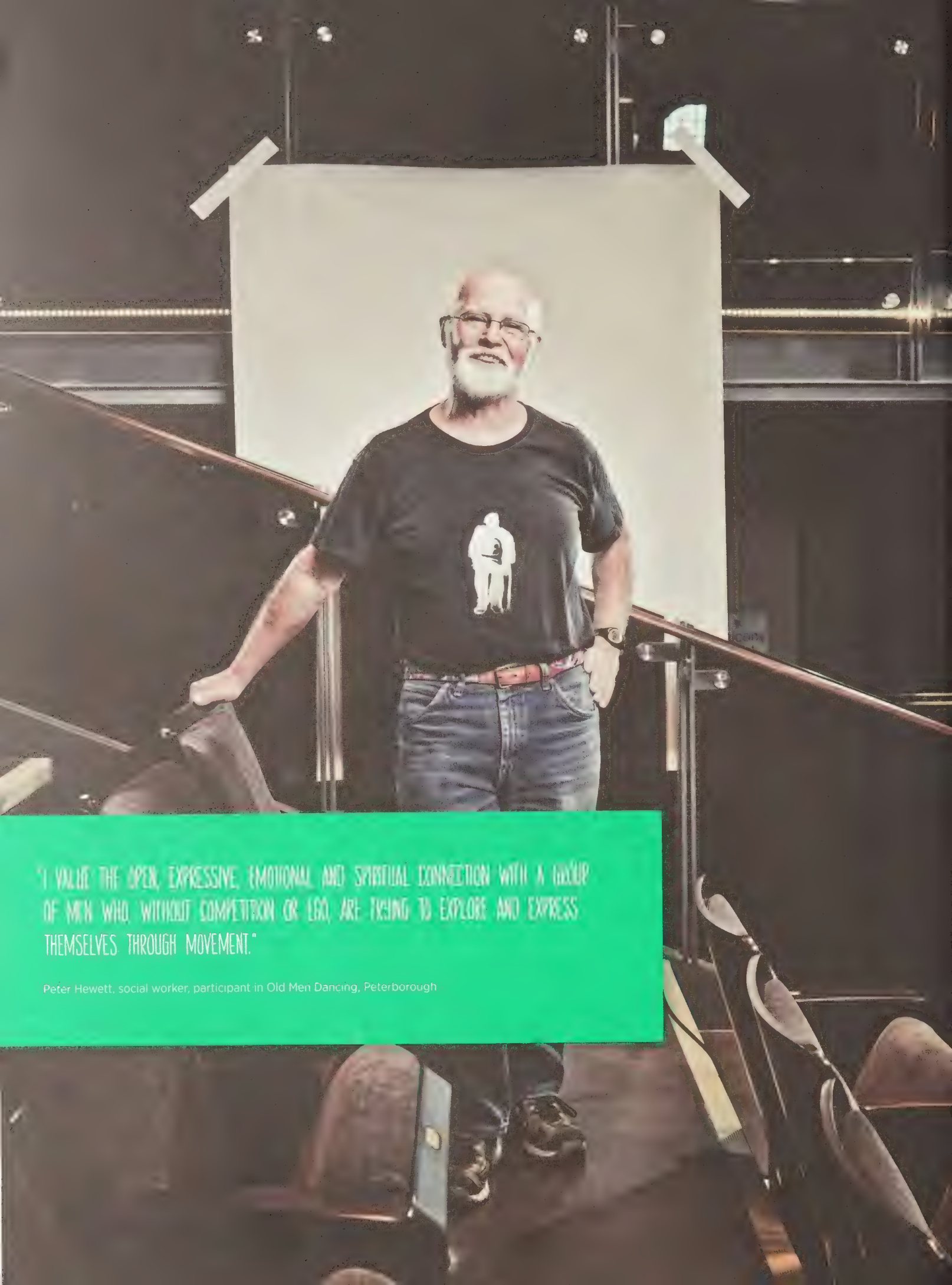
Canadian classics like Neil Young's *Heart of Gold* and Joni Mitchell's *Big Yellow Taxi* take on a whole new sound when heard in the company of friends and family, at an open air concert, performed by one of Canada's finest symphony orchestras. The Edmonton Symphony Orchestra wrapped up its 2010 Symphony under the Sky festival with the Great Canadian Song Book. The outdoor music festival is just one of the Orchestra's many programs which range from great classical masterworks to pops and children's concerts

Canadian Opera Company

A descent into Hell that draws audience raves with its heights of artistic perfection – critics unanimously agree that's what the Canadian Opera Company has cooked up with its version of Gluck's grandiose opera, *Orfeo ed Euridice*, brilliantly staged by Robert Carsen. Completely captivated by the piece, thousands of people have followed Orpheus all the way to Hell. "This is one of those rare, charmed opera productions where every element comes together for a magically memorable emotional and esthetic whole," wrote the Toronto Star. The excellent creations and adventurous spirit of the company, which operates out of Toronto's Four Seasons Centre for the Performing Arts, have earned it an international reputation – in fact, the COC was one of the first companies to open its doors to such groundbreaking directors as Atom Egoyan, Robert Lepage and François Girard



Lawrence Zazzo and Isabel Bayrakdarian in *Orfeo ed Euridice*, 2011. Photos: Michael Cooper



"I VALUE THE OPEN, EXPRESSIVE, EMOTIONAL AND SPIRITUAL CONNECTION WITH A GROUP OF MEN WHO, WITHOUT COMPETITION OR EGO, ARE TRYING TO EXPLORE AND EXPRESS THEMSELVES THROUGH MOVEMENT."

Peter Hewett, social worker, participant in Old Men Dancing, Peterborough



OLD MEN DANCING

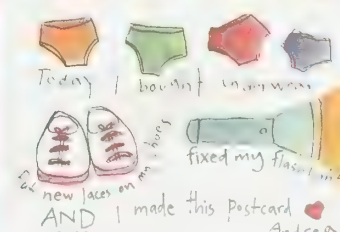
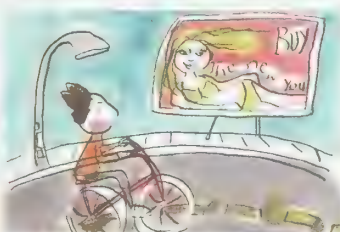
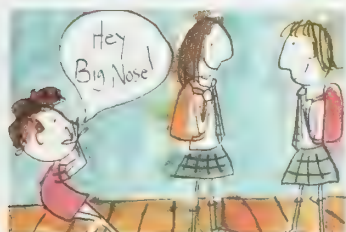
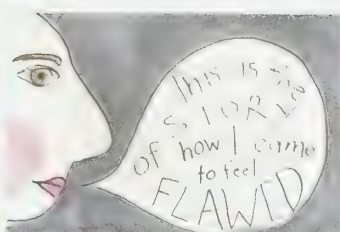
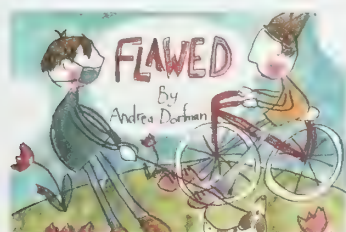
Old Men Dancing, a community dance troupe based in Peterborough, Ontario, came about in a most unusual way: a group of men in their fifties, from a variety of backgrounds and with virtually no dance training, combined their desire to express themselves through dance with a determination to learn and share with each other. In 2005, choreographer Bill James suggested they work with his dance company, Atlas Moves Watching, and he commissioned works for them from renowned Canadian choreographers. When these “old men dance,” they transcend social norms and notions of aging and what it means to be an older male in our society. In 2010, the troupe moved out of its “comfort zone” of Peterborough to conquer some of Toronto’s most prestigious stages: the Harbourfront Centre’s Enwave Theatre and the MOonhORse Dance Theatre.



One light... prismatic effect

In October 2010, Halifax, N.S. was the site of a week-long celebration of Canada's rich diversity of artistic talent. Halifax's OneLight Theatre hosted Prismatic 2010, a festival that brought together exceptional Aboriginal and culturally-diverse artists to perform, network and innovate. One of the highlights of Prismatic was Native Earth Performing Arts' *Prismatic*. This production, the story of an accidental martyr who was persecuted for hunting on Crown lands, has been performed to sold-out crowds in seven Canadian cities. Halifax's poet laureate, Shauntay Grant, was also featured at Prismatic, heading a line-up of some of Canada's most talented spoken word artists.

Prismatic, 2010, written by Daniel David Moses and directed by Michael Greyeyes, a production of Native Earth Performing Arts, Toronto. Photo Nadya Kwandibens.



St. John's International Women's Film Festival

St. John's, Newfoundland, can be justifiably proud of hosting one of the longest-running women's film festivals in the world: the St. John's International Women's Film Festival. The festival's 21st edition in 2010 had the beguiling slogan, "Unrestricted access to independent minds," and the works featured were indeed the expression of independent minds. For example, Andrea Dorfman, whose work magnificently illustrates the human condition, presented *Flawed*, a highly personal, animated short on the quest for love. The festival was founded to support and promote women filmmakers through film screenings, face-to-face meetings between filmmakers and producers, and film workshops for young people and others.



"THE VIDEO PROJECT ENABLED THE LIVING STUDY OF A BOOK. THE STUDENTS WERE TRULY MOTIVATED BY THE VIDEOCONFERENCE WITH THE AUTHOR AND BY THE VERY IDEA OF A VIDEO, MORE THAN THEY WOULD HAVE BEEN BY A DISSERTATION. COULD WE DO IT AGAIN? YES, CERTAINLY!"

Henry's Professor Kristin Childs at Penn State Harrisburg, Pennsylvania



Stills from instructional videos created for the partnership project. Above: students from Holy Trinity High School, Ottawa; video produced by Miles Finlayson, Endless Road Productions. Right: students from Collège Louis-Riel, Winnipeg; video produced by Danielle Sturk, Dieselle Productions.



PARTNERING IN SCHOOLS

The Canada Council, the Canadian Teachers' Federation (CTF), the Public Lending Right Commission and the Canadian Commission for UNESCO have launched a joint project combining literature and media arts to promote literacy, Canadian literature and social action in schools. Holy Trinity Catholic High School in Ottawa and Collège Louis-Riel in Winnipeg agreed to participate in the project's pilot phase. Students read books in English or French by two Governor General's Literary Award winners: the Ottawa students read *Greener Grass* by Caroline Pignat and their Winnipeg counterparts read *Ru* by Kim Thúy. After meeting the authors (via Skype in the case of the Winnipeggers), the students not only discussed the role of Canadian literature, reading and creative activity in daily life, but also produced videos illustrating the broad scope of creativity in our lives. Created for the Public Lending Right program's 25th anniversary, this project will be launched nationally on the CTF's website, imagine-action.ca, in September 2011.

Skating huts with a difference

When the Forks Foundation in Winnipeg came up with the idea of holding an architectural exhibition on ice, little did they know it would evolve into a competition and international gathering. The Warming Huts project has become a happening that allows skaters gliding along the world's longest skating rink – the Assiniboine Credit Union River Trail – to warm up in unique originally-designed huts. At the junction of the Red River and the Assiniboine, approximately 450,000 skaters had an opportunity to admire (and use!) three huts designed by architects from Tel Aviv, Philadelphia and New York, one by University of Manitoba students and another by two renowned Vancouver architects (and ex-Winnipeggers) John and Patricia Patkau. The Forks is a natural meeting place for the people of Winnipeg, but in winter it has become an attraction for the entire world

155, 2010. Sputnik Architecture and Jonathan Pylypchuk,
Photo: Leif Norman for the Assiniboine Credit Union River Trail





*Launch of **Accessibilité universelle**, a co-production of Audiotopie, Conscience urbaine and Action des femmes handicapées.
Photo: Sophie Aubry and Fanie St-Michel / Conscience urbaine*

Universal accessibility

"The 2006 census found that there are approximately 166,000 women with disabilities in Greater Montreal," recounts the narrator of **universelle**, an audio walking tour produced by the artists' cooperative, Audiotopie (co-founded by Edith Normandeau, landscape architect and sound ecologist) in partnership with Conscience urbaine and L'Action des femmes handicapées. The audio-guided tour and photography exhibition, **universelle**, offer the experience of feeling what it is like to be any one of nine women with disabilities who encounter problems with accessibility in the city. Over the course of a specific itinerary on foot, the women's comments make participants aware of not only new urban design practices, but also a city that is often still ill-suited to people with disabilities. Participants are encouraged to imagine a world in which all of us can enter by the same door.



"CULTURE DAYS WAS A WONDERFUL OPPORTUNITY FOR COLLABORATION, NOT JUST WITH OUR ARTS COMMUNITY BUT WITH OUR RESIDENTS, BUSINESSES, POLITICIANS, TOURISM INDUSTRY AND ETC. IT WAS INSPIRING TO BE PART OF SOMETHING SO GRAND AND ON A NATIONAL SCALE."

Onalee Groves, culture officer, City of Barrie, Ontario



*Open Sky Creative Society, Fort Simpson, NWT.
Photo : Tracy Kovalench / Open Sky Creative Society*



*Songwriters Workshop, Barrie Folk
Society: Scott Cooper
Photo : cookie @ double-scoop*



*Dancing on Main Street, Flin Flon, Manitoba.
Photo : Julian Kalt / Cottage North*

CULTURE DAYS

In September 2010, over 700 cities and towns across Canada celebrated arts and culture and the value they bring to our lives. This first-ever Culture Days set in motion a groundswell of public participation in the arts and built momentum for future celebrations. Take Barrie, Ontario, for example. Many local businesses and organizations got involved to host activities that brought artists and the public together in non-traditional ways. A flash mob by Opera Belcanto took place in a local mall; the Barrie Folk Society gave music workshops and invited musicians and the public to an open stage concert at the Barrie Public Library. The community's arts organizations offered behind-the-scenes tours and residents got a sneak peek at the Barrie Film Festival selections. Culture Days is a volunteer movement, led by a national steering committee and funded by a number of corporate and government funders, including the Canada Council.

THE CANADA COUNCIL PRESENTS ...

GOVERNOR GENERAL'S LITERARY AWARDS

The 2010 GGs introduced Canadians to several new authors who are making their mark on the literary scene in Canada and beyond. For example, Regina author Dianne Warren won in the category of English Fiction for her first novel, *Cool Water*. This recognition attracted international interest and led to deals with major American, French and Australian publishers. In 2011, the GGs mark their 75th anniversary. Visit the Canada Council website to find out how you can take part in the celebrations.

GOVERNOR GENERAL'S AWARDS IN VISUAL AND MEDIA ARTS

The 2011 Governor General's Awards in Visual and Media Arts recognized the work of eight artists who have made significant achievements in Canadian art and are continuing to have an impact through their art, as teachers, writers and mentors. One of the ways the Canada Council helps to tell the stories of these artists is through video profiles. This year, the videos were made available on the website www.cca.ca through a new feature on YouTube.

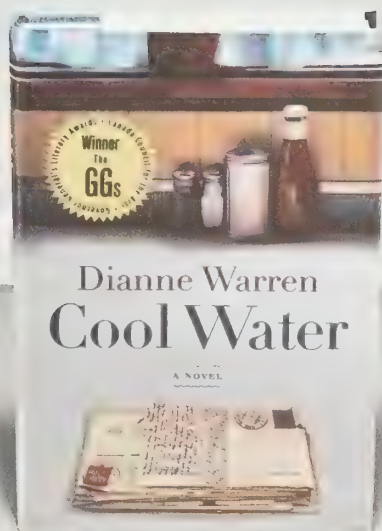


GGs: to space and back

What would you bring along to a desert island ... or outer space? Astronaut Robert Thirsk brought two GG-winning books provided by the Canada Council (*Airborn* by Kenneth Oppel and *Deux pas vers les étoiles* by Jean-Rock Gaudreault) on his six-month stint at the International Space Station in 2009. Here, Thirsk shakes hands with students at the Canada Science and Technology Museum in October 2010.

Photo: Martin Lipman





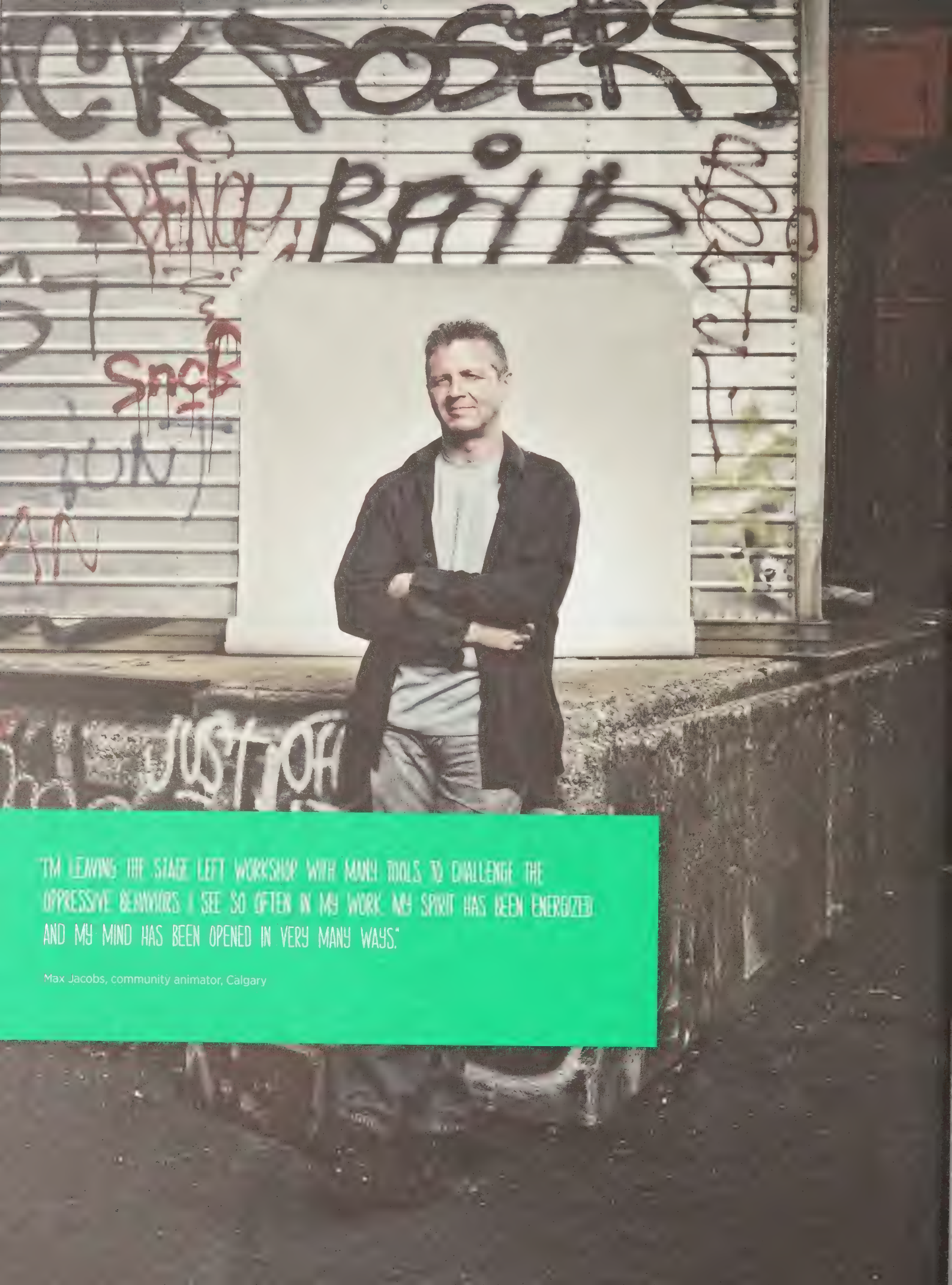
"I had no idea winning an award like the GG would make such a difference but it has truly been career changing. The income from the new book deals is going to allow me to take some time off work to get the next book done, which as you know is huge to a writer (time to write)."

Dianne Warren, Saskatoon
GG winner - fiction, 2010

"Winning this award means a lot to me. It has been a dream of mine. And as a Korean-Canadian, for me it means that I really belong... that I'm really a part of Canada."

Kye-Yeon Son, Halifax
GGAVMA winner, 2011
Sally Bronfman Award for fine craft





"I'M LEAVING THE STATE LEFT WORKSHOP WITH MANY TOOLS TO CHALLENGE THE OPPRESSIVE BEHAVIORS I SEE SO OFTEN IN MY WORK. MY SPIRIT HAS BEEN ENERGIZED AND MY MIND HAS BEEN OPENED IN VERY MANY WAYS."

Max Jacobs, community animator, Calgary



Photos: Stage Left / Michele Decottignies



STAGE LEFT

Since 2003, Stage Left has provided a safe and accessible place for disability artists to express themselves and share their creativity. Through mentoring, training, festivals and artist-community collaborations, it has helped to develop talent and bring Canada's rich disability arts offerings to the world stage. Stage Left is now enlarging its scope to support a broad range of marginalized artists. For example, it created *The Hate Show*, an original production shown at the Calgary International Children's Festival in May 2011. This show explores how a group of diverse urban teenagers – disabled, queer, Muslim, Aboriginal or poor – are forming their identities while trying to fit in with their peers. The common thread through all of Stage Left's work? Great art that is authentic, dynamic and non-sentimental.

Festival de théâtre de rue de Lachine

The only one of its kind in North America, this street theatre festival takes place in the Montreal borough of Lachine. It invites artists from Canada and around the world to step onto an amazing stage – the city itself! Art becomes embedded into Lachine's urban and natural landscapes: choreography for three dancers and a car portrays an imaginary crossing; mobile marionettes emit curious insect sounds and create a musical fantasy that responds to the crowd's reactions; and large-scale marionettes draw crowds into a fantastical world of tales. Every year, on the front steps of a church, in a parking lot, on the Old Brewery site and along the canal, some 150 artists and thousands of passing spectators share a common space of artistic creation. To celebrate the festival's 15th anniversary in 2011, the whole borough will be transformed into a massive amusement park of theatrical entertainment.

tion, 2010, by Human Playground, choreography by Milan Gervais. Photos: Marie-Michèle Dion (right) and Justine Latour (below)



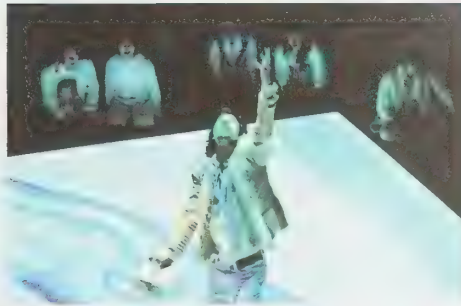


• *nzelle*, 2010, performed
by multidisciplinary artist
Julie Desrosiers, produced
by Poupées [k]rinkées.
Photo: Justine Latour



"ALL NOTES'S ASIDE, I CAN ASSURE YOU THAT YOU HAVE TRULY INVESTED IN FERTILE
GROUND FOR ARTISTIC CREATION. I LIVE AND BREATHE THE PERFORMING ARTS."

Maxime Béliveau, student, National Theatre School of Canada, Montreal



Arctic Ocean by Jill Connell (Peter Dwyer Scholarship recipient and National Theatre School Student, Playwriting, 2011). Photo: © Maxime Côté



INVESTING IN TOMORROW'S PERFORMERS

After their studies, many students of Canada's National Ballet School and National Theatre School go on to have successful careers, performing for Canadians on stages across the country. But first they must go through an intense program of study with long hours that make it difficult to hold part-time jobs to earn tuition money. The Canada Council's Peter Dwyer Scholarships are awarded annually to the most promising students at the National Ballet School (\$10,000) and the National Theatre School (\$10,000). For students like Maxime Béliveau, the scholarship can have a tremendous impact.



Aboriginal art abroad

Canadian Aboriginal art is making waves on the international art scene. And the Canada Council is helping to develop this audience. For the past three years it has brought a delegation of four to five Canadian Aboriginal curators to attend two major international art festivals, the Venice and Sydney Biennales. There, the curators connect with fellow curators, gallery and museum directors and artists – all with the goal of bringing Canadian Aboriginal art to international markets and paving the road for more exchange between Indigenous art from around the world.

Wally Dion, *Thunderbird*, 2008, computer circuit boards, nails, plywood support (acrylic stain: sides), 119.4 cm x 295.9 x 7.6 cm. Photo: Don Hall

Wally Dion, *Man Changing into Thunderbird*, 2010, computer circuit boards, nails, plywood support (acrylic stain: sides), 184.1 cm x 167.6 cm



GOOD GOVERNANCE REQUIRES TRANSPARENCY AND ACCOUNTABILITY. IT IS IMPORTANT FOR THE COUNCIL TO COMMUNICATE EFFECTIVELY AND IN A TIMELY MANNER WITH PARLIAMENTARIANS, GOVERNMENT AND OTHER KEY STAKEHOLDERS, SUCH AS THE ARTS COMMUNITY AND THE PUBLIC.



Governance

Board Mandate

The Canada Council for the Arts is governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor-in-Council for fixed terms. The Board meets at least three times a year and is responsible for the organization's policies, programs, budgets and grant decisions.

As stewards of the organization, the Board oversees the organization's governance. It conducts the Council's business, directs Management and ensures that all major issues affecting the Council are given proper consideration. The Board is accountable to Parliament through the Minister of Canadian Heritage.

The general duties of the Board are available in the Canada Council's Governance Policy and the By-laws (canadacouncil.ca/aboutus).

Highlights

In 2010-11, the Board:

Held four meetings in Ottawa and one meeting in Toronto, Ontario

Held its Annual Public Meeting in Toronto, Ontario

Approved *Strengthening Connections: Strategic Plan 2011-16*, which was released following the Annual Public Meeting

Approved the creation of the ad hoc Board Communications Strategy Working Group

Approved a strengthened Board and committee evaluation process

Approved the annual Financial Overview and Financial Statements

Approved the risk-based internal audit plan

Approved the annual budget

Approved major program modifications and grants over \$100,000

Reviewed the corporate risk profile and the risk mitigation plans.

Board Independence

All members of the Board are independent directors. This independence is fundamental to sound governance and effective accountability. While the Director/CEO and Executive Management attend Board meetings to provide information and report on activities, only members may vote and make decisions. Board committees are composed of Board members, with some committees expanded to include external experts selected for their knowledge and expertise.

Strategic and Corporate Planning

The Board is responsible for overseeing and approving the overall policies of the Council and formulating and approving the Strategic Plan and assessing its implementation.

In October 2010, the Council released its strategic plan, *Strengthening Connections 2011-16*, which sets out the vision and strategic directions for the next five years. The development of the plan occurred over a period of

10 months, through extensive consultation with the Board, Council staff, and various stakeholders.

The Corporate Plan encompasses the Council's business and activities and establishes the organization's priorities, objectives, strategies, performance indicators and desired impact. It addresses how the Council intends to implement its strategic directions and vision. A summary is available on the Council's website.

Management reports to the Board on how the Council is performing in relation to the objectives set out in the Corporate Plan and on the actual results achieved throughout the year. This regular monitoring of corporate performance assists the Board in its decision-making and provides a key accountability framework for the work of the organization.

Risk Management

The Board identifies and assesses on a regular basis the principal risks inherent in the Council's activities and its external environment. It ensures that appropriate systems to monitor, manage and mitigate these risks have been implemented. This involves briefings from management as well as reports from the Council's internal and external auditors.

The Board reviews the risk mitigation plans at regular intervals throughout the year.

Culture of Ethical Business Conduct

Board members, as public office holders, are bound by the federal government's *Conflict of Interest Act*, the *Ethical Guidelines for Public Office Holders*, as well as the *Code of Ethics for Canada Council Board Members*. The Board is required to disclose any conflicts of interest (whether new or ongoing) on an annual basis.

Corporate Social Responsibility

The Canada Council is committed to carrying out its mandate in an environmentally, socially and ethically responsible manner in accordance with its values and principles.

In an effort to fulfill this commitment, Council continues to:

Conduct its business with honesty, integrity and fairness

Strive to reduce its environmental footprint by incorporating environmental sustainability considerations into plans, programs, activities and projects

Provide an organizational climate that stimulates and supports employee performance and development.

The Board is responsible for overseeing these commitments. Both individual Board members and the Board as a collective are responsible for ensuring the integration of social, environmental and ethical considerations into Board-related matters.

Board Appointments

The Board advises the government on appropriate selection criteria for the Chair of the Board, as well as competency profiles and future needs for Board members and for the position of Director/CEO.

The Governance and Nominating Committee maintains an up-to-date skills and expertise profile based on the Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. Along with experience in the arts and expertise in areas such as finance and governance, it is also a priority to recommend candidates who represent or reflect Canada's official languages, regions, different generations, Aboriginal Peoples, cultural diversity, gender equity and persons with disabilities.

The skills and expertise profile are provided to the Minister of Canadian Heritage as vacancies arise.

At March 31, 2011, there were no Board vacancies.

Board Orientation and Continuing Education

New Board members are provided with an orientation session and information package, and attend all committee meetings at the time of their first Board meeting. The information package describes the role of the Board, its committees and members, relevant policies and information relating to the Council and its management. New Board members also meet with the Council's Executive Management Group to discuss the organization's key functions and activities.

In 2010-11, Board members attended the following courses offered by the Canada School of Public Service: *Understanding the Government Environment and its Impact on Crown Corporations, Roles and Accountabilities of Boards and Board Members*, and *Financial Literacy in a Government Context*. One member attended the Commonfund Forum, a leading investment conference for trustees and investment staff of nonprofit institutional investors. Two Board members attended networking sessions offered by the Conference Board of Canada's Public Enterprise Governance Centre. One member attended Brown Governance's *The Art of Chairmanship* seminar. A session on risk management was also held for Board members in March 2011.

Board Performance Evaluation

Every year, under the direction of the Governance and Nominating Committee, the Board undertakes an evaluation of the performance of the full Board and its committees. The Board works throughout the year to implement the recommendations resulting from the Board evaluation.

Senior Appointments

Guided by standard staffing principles and practices, a recruitment and selection process is in place for senior management positions. Staffing processes are managed either by Human Resources or by an executive search firm. Job profiles are regularly reviewed and updated; vacancies are advertised nationally as well as on the Council's website for a minimum of one month; hiring and selection committees include experts that also represent Canada's cultural diversity and official languages.

In 2010-11, there were three senior appointments: Tammy Scott, Director, Communications and Arts Promotion (April 6, 2010); Anne Valois, Director, Arts Disciplines (November 17, 2010); and Denyse Jomphe, Director, Human Resources (January 10, 2011).

Director/CEO Assessment Activities

The Director/CEO is accountable to and reports to the Board, carries out its policies and directives, attends meetings of the Board and Board Committees, and represents the Council personally or through a delegate in its relations

with government departments and agencies, and with other organizations. The Director/CEO keeps the Board updated on important factors affecting the achievement of the Council's strategic objectives.

The Director/CEO's performance is assessed annually by the Board, according to the Privy Council Office's *Performance Management Program for Chief Executive Officers of Crown Corporations*. The Board communicates the results of the Director/CEO's annual performance appraisal to the Minister of Canadian Heritage.

Communications with the Minister of Canadian Heritage, Parliamentarians and Other Stakeholders

Good governance requires transparency and accountability. It is important for the Council, as a federal Crown corporation, to communicate effectively and in a timely manner with parliamentarians, government and other key stakeholders, such as the arts community and the public. The Board is responsible for ensuring that the Council communicates effectively and consistently with the Minister and officials in the Department of Canadian Heritage.

Among the key documents provided to the Minister, parliamentarians and other stakeholders in 2010-11 were the Canada Council's Strategic Plan, Annual Report and a compendium of funding provided to artists and arts organizations (including a national overview and provincial and territorial profiles). (canadacouncil.ca/aboutus)

Annual Public Meeting

On October 20, 2010, the Council held its Annual Public Meeting in Toronto, Ontario. It reported on its recent activities and plans for the future, released its new strategic plan, *Strengthening Connections*, and received feedback from interested stakeholders. The Director/CEO, the Chair, the Vice-Chair and all other members of the Board, as well as senior staff, were present.

The Annual Public Meeting was webcast (canadacouncil.ca/aboutus).

Board Committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are four standing committees of the Board: the Executive Committee, the Audit and Finance Committee, the Governance and Nominating Committee and the Investment Committee. Their roles, responsibilities and reporting requirements are defined in the By-laws. The Board Communications Strategy Working Group was struck with a time-limited mandate from June 2010 to October 2011.

Executive Committee

The Executive Committee acts on behalf of the Board (with exceptions related to the approval or amendments of By-laws, policies, budgets, financial statements, grants or the Annual Report) in the interval between meetings of the Board.

Membership: Joseph L. Rotman (Chair), Simon Brault and Rosemary Vodrey.

Highlights

In 2010-11, the Executive Committee:

Reviewed and recommended for approval the Director/CEO's performance assessment

Oversaw the work undertaken by the Board Communications Strategy Working Group.

Board Communications Strategy Working Group (ad hoc)

Under the direction of the Executive Committee, the Board Communications Strategy Working Group is tasked with reviewing the overall Board communications practices, and providing advice for the planning and development of a communications framework and branding strategy.

Membership: Thomas V. Hill, Luc LaRochelle, Philip Ponting, Anna Porter and Rosemary Vodrey (Chair).

Audit and Finance Committee

The Audit and Finance Committee is responsible for the oversight of the Council's financial performance and ensures the integrity, effectiveness and accuracy of Council's financial reporting, control systems, integrated risk management processes and audit functions.

Membership: Simon Brault (Chair), Luc LaRochelle, Jerry Mazerolle, Anna Porter and Jean Saucier.

Highlights

In 2010-11, the Audit and Finance Committee reviewed:

The quarterly and annual financial statements, along with updates on financial reporting standards and Canadian auditing standards

The annual budget proposal, along with Council's fiscal restraint plan

The risk-based internal audit plan and internal audit reports

The annual financial audit plan of the Office of the Auditor General

The actions taken to respond to the Special Examination recommendations

The corporate risk profile and the risk mitigation strategies.

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for ensuring that proper structures and processes are in place for the effective oversight and direction of the Council's activities, including establishing a process to assess the Board's performance; orienting new Board members; reviewing the corporate By-laws and governance framework regularly; and maintaining a list of criteria for filling Board vacancies.

Membership: Simon Brault, Barbara Burley (Chair), Thomas V. Hill, Susan Knight and Philip Ponting.

Highlights

In 2010-11, the Governance and Nominating Committee:

Managed and reviewed the Board evaluation process

Undertook a comprehensive review of the Board and Board committee processes

Reviewed the committee appointment process

Developed a professional development plan for Board members

Reviewed the Board orientation program

Oversaw the planning of the Council's Annual Public Meeting

Reviewed the skill set and profile required for upcoming Board vacancies.

Board and Board Committee Attendance: April 1, 2010 to March 31, 2011

	Board	Executive	Investment	Audit & Finance	Governance & Nominating	Board Communications Strategy Working Group
# of Meetings	7	5	4	6	7	5
J.L. Rotman	5	5				
S. Brault	7	5		6	7	
B. Burley	7				7	
T. Hill	6				5	4
S. Knight	7				7	
L. LaRochelle	6			5		4
J. Mazerolle	6			5		
P. Ponting	6				7	5
A. Porter	6		4	6		5
J. Saucier	7		4	6		
R. Vodrey	7	5				5

Investment Committee

The Investment Committee is responsible for overseeing and providing expert advice on the Council's investment portfolio, including recommending Board policies with respect to investments, hiring professional fund managers and monitoring their activities.

Membership: Anna Porter, Jean Saucier and the following external experts: Tania Willumsen (Chair), Henry W.C. Gibbs, Susan Luke Hill, Ann Marshall, John H. Matthews and William J. Smith

Highlights

In 2010-11, the Investment Committee:

Closely monitored Council's investments in a time of fluctuating markets, and had regular meetings with managers to review performance

Retained a new investment manager to advise and work with the committee

Began a review of the committee's structure and governance

Proposed the re-appointments of external members Tania Willumsen (Chair) and John H. Matthews, until June 1, 2013, and William J. Smith and Susan Luke Hill, until July 1, 2013.

Other Bodies

Certain Board members also serve on other bodies: Susan Knight serves on the Executive Committee of the Canadian Commission for UNESCO; Luc LaRochelle serves on the Public Lending Right Commission; Thomas V. Hill serves on the Aboriginal Arts Advisory Committee (Kakaekwewin); and Rosemary Vodrey serves on the Advisory Committee for Racial Equality in the Arts (REAC).

Remuneration for Board Members

Board members are paid an annual retainer and honoraria based on a fee fixed by the Governor-in-Council. For 2010-11, the total of fees paid to Board members was \$127,719.

Executive Management Compensation

The Council has adopted salary ranges for its Executive Management Group that reflect those established by the government for all EX-level positions in the federal public service. For 2010-11, the salary ranges were \$203,800-239,800 for the position of Director/CEO (fixed by the Governor-in-Council) and \$101,100-149,300 for executive positions.

At March 31, 2011, the Executive Management Group consisted of Robert Sirman, Director/CEO; Michelle Chawla, Corporate Secretary and Director, Strategic Initiatives; Robin Ghosh, Director, Finance and Administration; John Goldsmith, Director, Stakeholder Relations; Denyse Jomphe, Director, Human Resources¹; Tammy Scott, Director, Communications and Arts Promotion; Anne Valois, Director, Arts Disciplines²; and David Walden, Secretary-General, Canadian Commission for UNESCO.

1. Manon Dugal served as Director of Human Resources until October 2010.

2. Nicole Doucet served as Director of Arts Disciplines Division until September 2010.

Proactive Disclosure

The disclosure of grants and contributions, travel and hospitality expense information of senior executives, contracts entered into for amounts over \$10,000 and the reclassification of positions are all available on the Council's website.

Disclosure of Wrongdoing

The Council's *Policy on the Internal Disclosure of Wrongdoing in the Workplace* is based on the requirements of the *Public Servants Disclosure Protection Act*, which applies to all persons employed in the public sector, including employees of the Canada Council and other Crown corporations.

In 2010-11, there were no internal disclosures of wrongdoing in the workplace.

Biographies of the Board and Director & CEO



From left to right: Thomas Hill, Philip Ponting, Barbara Burley, Susan Dyer Knight, Robert Sirman, Simon Brault, Joseph Rotman, Rosemary Vodrey, Luc LaRochelle, Anna Porter, Jean Saucier, Jerry Mazerolle. Photo: Martin Lipman and Ned Pratt

Joseph L. Rotman, Chair, Ontario

Mr. Rotman is currently Chair of Roy-L Capital Corporation, a private family investment company. His business career has focused on establishing a number of private and public companies active in oil trading, petroleum distribution, oil and gas exploration, merchant banking, real estate, and venture capital. He is the founder of Clairvest Group Inc., a Canadian-based merchant bank, for which he is still a board member. He was involved with numerous other corporate boards, including the Bank of Montreal, Barrick Gold Corporation, and Canada Northwest Energy Ltd.

Mr. Rotman was appointed an Officer of the Order of Canada for his contribution to the educational, cultural, economic, health care, and research communities. Many organizations have benefited from his generous leadership and financial support, including the Art Gallery of Ontario, Baycrest Centre for Geriatric Care, CIHR, MaRs, the Toronto Hospital, and the University of Toronto. He was educated at the University of Western Ontario, University of Toronto and Columbia University [Appointed July 30, 2008]

Simon Brault, Vice-Chair, Quebec

Originally from Montreal, Mr. Simon Brault has been Director General of the National Theatre School of Canada since 1997. He was the School's Administrative Director from 1992 to 1997, during which time he was the driving force behind the project to restore the historic Monument-National in Montreal.

Convinced that the cultural milieu needed to increase its connections with other players in society, Mr. Brault was closely associated with the Forum d'action des milieux culturels de la Métropole from 1994 to 1999. He also initiated Journées de la culture, a massive undertaking first held in 1997 to popularize the arts and culture across Quebec. During the Sommet de Montréal in June 2002, he led a delegation of 20 leaders of the cultural community. He was Chief organizer and Chair of the steering committee of RV07 - Montreal, Cultural Metropolis (2007). Mr. Brault is also a founding member of Culture Montréal and has been its elected Chair since it began in 2002. In 2008, Mr. Brault received the Canadian Conference of the Arts Keith Kelly Award for Cultural Leadership. That year, he was also appointed a Fellow of the Certified General Accountants Association. He is an Officer of the Order of Canada and of l'Ordre national du Québec. In September 2009, he published *Editions Voix parallèles (No Culture No Future - Cormorant Books)*.

A long-time advocate for cultural communities, Mr. Brault is a self-described "cultural development activist." [Re-appointed March 31, 2009]

Thomas V. Hill, Ontario

Mr. Thomas V. Hill has held prominent positions in the arts and culture for over 30 years. As a curator, writer, art historian, volunteer and artist, he has played an influential role in the development of original visual arts. A Konodaha Seneca, Mr. Hill studied at the Ontario College of Art, he also has a certificate in museums studies from the Ontario Museum Association. From his involvement in the Indians of Canada Pavilion at Expo '67, he went on to become the first Aboriginal art curator in the province.

A tireless contributor to countless committees and boards, he has lectured and written extensively. In 2004, he received a Governor General's Award in Visual and Media Arts for his many contributions to the arts in Canada. He also has an honorary doctorate from Wilfrid Laurier University. He has been museum director at the Woodland Cultural Centre near Brantford for over 20 years. Thomas V. Hill lives in Ohsweken, Ontario. [Re-appointed January 29, 2008]

**Susan Dyer Knight,
Newfoundland and Labrador**

Ms. Susan Knight is a social entrepreneur working in music education. A conductor, educator and producer of international repute, she works through the arts to celebrate heritage while also invoking/provoking change. Her innovative practice has engaged youth to create empathic community through the transformative power of music-making, while promoting their autonomy, leadership and global consciousness and fostering their development as critical agents-of-change.

Founder and Artistic Director Emeritus of both Shallaway - Newfoundland and Labrador Youth in Chorus (1992) and Festival 500 (1994), she is a visiting researcher at the International Music Education Research Center in the Institute of Education, University of London, and is active as a consultant, speaker and author. She currently serves on the boards of Chorus America, Irish Business Partnerships, World's End Theatre Company, Opera on the Avalon, International Federation of Choral Music and the Canadian Commission for UNESCO. She holds a Ph.D. from the University of London and an honorary LL.D. from Memorial University, and is invested in the Orders of both Canada, and Newfoundland and Labrador. [Re-appointed September 15, 2009]

Barbara Burley, New Brunswick

Ms. Barbara Burley has had long and varied management experience within the public and volunteer sectors, most of which has been at the senior management level. She was an assistant deputy minister in the Department of Community Services of the Government of Nova Scotia until her retirement in 2004. She has been actively involved in the arts sector since retirement serving as vice-chair of the board of the Sunbury Shores Art and Nature Centre and vice-chair of the board of the Ross Memorial Museum of St. Andrews, New Brunswick.

She is president and sponsor of the Centre JMC de St Andrews bringing Jeunesses Musicales of Canada concert series to the local community with her focus being youth attendance. She is also a member of The Shiretown Singers choral group of St Andrews, New Brunswick. [Appointed December 3, 2007]

Jean Saucier, Quebec

Mr. Jean Saucier has been an Investment Advisor for BMO Nesbitt Burns for the past 12 years. Holding a B.A. in finance and a Masters in international relations, he has also worked as a business finance and human resources consultant for Isak International Inc.

His involvement in the arts sector started in 1995, when he became a board member of the publication *Vie des Arts* from 1995 to 2007. From 1999 to 2007 he was a board member of the Musée d'art contemporain de Montréal, was vice-chair of the board of the Festival international des films sur l'art from 2002 to 2007 and chair of the board of the Fondation du Musée d'art contemporain from 1999 to 2006. [Appointed December 3, 2007]

Anna Porter, Ontario

Ms. Anna Porter has extensive experience as a publisher and author. She held several executive positions in leading book-publishing houses, among them Key Porter Books, which she founded with Key Publishers. She left the company in 2006 after selling her shares to HB Fenn. She is the author of two award-winning non-fiction books and three novels, all of which have been published in several languages throughout the world. She has written about culture, history, formidable individuals and politics for several publications including Macleans and The Globe and Mail. She is an Officer of the Order of Canada and was appointed to the Order of Ontario in 2003 in recognition of her work in promoting Canadian authors internationally. She is a member of several boards, including PEN Canada and CODE. [Appointed January 29, 2008]

Jerry Mazerolle, New Brunswick

Mr. Jerry Mazerolle has held many different positions with La Fédération des Caisses Populaires Acadiennes Ltée since 1982, after being director general of La Caisse Populaire de Caraquet Ltée from 1970 to 1979. He was also an advisor for the New Brunswick Judicial Council, from 1999 to 2006, and a member of the Canadian Bar Association from 1982 to 2001.

He is currently treasurer of the Jeunesses Musicales du Nouveau-Brunswick board and a former member of the Jeunesses Musicales du Canada board. He has been a member of the board of directors of the community radio station Radio Péninsule (CKRO) since 2003. [Appointed February 26, 2008]

Luc LaRochelle, Quebec

Mr. LaRochelle is a counsel with the law firm of Borden Ladner Gervais, and serves on the board of directors of the Dessau engineering group. He has been an extensive collector of the visual arts for several years and owns numerous works by Quebec, Canadian, and international artists. He is a former board member of Vie des Arts and the Association des collections d'entreprises du Québec. He has given frequent lectures and workshops on law, visual art and literature. As a writer, he has published six books, and his short stories and poetry have appeared in literary reviews in Quebec, Ontario and France. A graduate of the Université de Sherbrooke Law School, Mr. LaRochelle was admitted to the Quebec Bar in 1971. He also holds a Bachelor of Arts, an M.B.A., and an M.A. in Literary Studies. [Appointed June 18, 2008]

Philip G. Ponting, Alberta

Mr. Ponting is a senior partner in the Calgary office of McLennan Ross and practises administrative law with the major focus on the field of employment law. His extensive legal career, which spans more than 35 years, has brought him before numerous Canadian institutions, including the Supreme Court of Canada, the Alberta Court of Appeal, as well as the Alberta and Canada Labour Relations Boards.

His involvement in the arts sector is stellar. He has served on the boards of a number of cultural organizations, including the Board of Governors of the Banff Centre, the Edmonton Concert Hall Foundation, the Alberta Performing Arts Stabilization Fund, and the Council of Governors of the Edmonton Aviation Historical Society. He was also involved in the Edmonton Symphony Society from 1986 to 1996. Mr. Ponting graduated from the University of Alberta with a Bachelor of Commerce degree and obtained his law degree from Queen's University. [Appointed February 12, 2009]

Rosemary L. Vodrey, Manitoba

Ms. Vodrey has extensive experience working with Manitoba's cultural community. A Member of the Manitoba Legislature from 1990 to 1999, she held a number of Cabinet positions, including Minister of Education and Training, Minister of Justice and Attorney General, and Minister of Culture, Heritage and Citizenship. In the latter capacity, she was responsible for Manitoba's Council for the Arts from 1997 to 1999. Ms. Vodrey has an educational background in psychology and law. She is currently a member of the Western Canada Aviation Museum's Board and also served as a member on several other boards, including The Royal Winnipeg Ballet, The Manitoba Theatre Centre and The Manitoba Theatre for Young People. [Appointed April 23, 2009]

Robert Sirman, Director and CEO

Mr. Robert Sirman was originally appointed Director of the Canada Council for the Arts for a four-year term effective June 26, 2006. In April 2010, he was reappointed for another four years to June 2014.

After graduating from the University of Toronto with an MA in sociology, Mr. Sirman worked for over a decade in the Ontario Government, including five years in the province's first Ministry of Culture. He then joined the Ontario Arts Council in 1980, where he served for 10 years as Director of Operations and Director of Research and Policy Planning.

In 1991, Mr. Sirman was appointed Administrative Director of Canada's National Ballet School. During his 15 years in that position, he stabilized the School's finances and spearheaded an award-winning \$100-million capital expansion program that tripled the School's physical plant and re-animated the North Jarvis neighbourhood in which the School had operated since 1959.

Since his arrival, the Canada Council has enjoyed a 20% increase in its ongoing government appropriation, undertaken the most extensive strategic planning process in its history, reorganized internally following a year-long organizational design review, and successfully completed its first special examination by the Office of the Auditor General.

Mr. Sirman has served on a number of volunteer boards throughout his career, and in 2002 was librettist for James Kudelka's full-length ballet, *The Contract*. In 2004 he was featured by the Toronto Star as one of the city's top 10 "leading lights" in arts and culture, and in 2005 was honoured by having a Toronto street – Sirman Lane – named after him. Mr. Sirman currently serves on the board of the George Cedric Metcalf Charitable Foundation in Toronto and is treasurer of the International Federation of Arts Councils and Cultural Agencies (IFACCA) based in Sydney, Australia.

Senior Staff (as of March 31, 2011)

Director and CEO's Office

Robert Sirman, Director and CEO*

Michelle Chawla, Corporate Secretary and Director, Strategic Initiatives*

John Goldsmith, Director*
Stakeholder Relations

David Walden, Secretary-General*
Canadian Commission for UNESCO

Strategic Initiatives

Sheila James, Coordinator
Equity

Claire McCaughey, Head
Research and Evaluation,
Manager, CADAC Secretariat

Louise Profeit-LeBlanc, Coordinator
Aboriginal Arts

Claude Schryer, Acting Coordinator
Partnership and Networks

Arts Disciplines

Anne Valois, Director*

Stacey Atkinson, Acting Coordinator
Audience and Market Development

Lolita Boudreault, Acting Executive Secretary
Public Lending Right Commission

Ellen Busby, Acting Head
Dance

Youssef El-Jaï, Head
Media Arts

Roger Gaudet, Head
Theatre

Donna Gazale, Head
Arts Services

Russell Kelley, Head
Music

Arash Mohtashami-Maali, Head
Writing and Publishing

Doug Sigurdson, Head
Visual Arts

Gerri Trimble, Acting Coordinator
Inter-Arts

Communications and Arts Promotion

Tammy Scott, Director*

Victoria Henry, Director
Art Bank

Joanne Larocque-Poirier, Head
Endowments and Prizes

Vacant, Head
Marketing Communications

Finance and Administration

Robin Ghosh, Director*

Carole Boileau, Head
Finance

Luc Charlebois, Head
Financial Planning

André Cléroutx, Manager
Administrative Services

Daniel Plouffe, Head
Information Management Services

Human Resources

Denyse Jomphe, Director*

*Members of the Executive
Management Group

WHILE THE PRIMARY RECIPIENTS OF FUNDING MAY BE ARTISTS AND ARTS ORGANIZATIONS, THE RETURN ON INVESTMENT IS A VIGOROUS CREATIVE LIFE THAT BENEFITS ALL CANADIANS.*



Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canada Council for the Arts and all the information in this annual report are the responsibility of Management and have been approved by the Board.

The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. The financial statements include amounts based on Management's best estimates as determined through experience and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council for the Arts maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the organization's assets are appropriately accounted for and safeguarded.

The Board is responsible for the management of the business and activities of the Canada Council for the Arts. In particular, they are responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. They exercise this responsibility through the Audit and Finance Committee, which is composed of members who are not employees of the Canada Council for the Arts. The Audit and Finance Committee meets with Management, the internal auditors and the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Canada Council for the Arts, and for issuing the report thereon.

June 21, 2011

Director and Chief Executive Officer



Robert Sirman

Chief Financial Officer



Robin Ghosh, CA, CPA



Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Canada Council for the Arts and the Minister of Canadian Heritage and Official Languages

Report on the Financial Statements

I have audited the accompanying financial statements of the Canada Council for the Arts, which comprise the balance sheet as at 31 March 2011, and the statement of operations, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canada Council for the Arts as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canada Council for the Arts that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Canada Council for the Arts Act* and the by-laws of the Canada Council for the Arts.

Sylvain Ricard, CA
Assistant Auditor General
for the Interim Auditor General of Canada

21 June 2011
Ottawa, Canada

Balance Sheet

as at March 31 (in thousands of dollars)

2011

2010

ASSETS

Current assets

Cash equivalents (Note 5)	\$ 340	\$ 4,501
Accounts receivable	2,395	1,669
Prepaid expenses	272	217
Derivatives (Note 6)	300	3,761
	3,307	10,148
Investments (Note 7)	279,232	265,554
Works of art and musical instruments (Note 9)	20,729	20,710
Other capital assets (Note 10)	2,767	2,651
Total assets	\$ 306,035	\$ 299,063

LIABILITIES

Current liabilities

Bank overdraft	\$ 2,574	\$ 3,475
Grants payable	25,927	26,452
Accounts payable and accrued liabilities	4,900	2,971
Derivatives (Note 6)	187	13
Deferred parliamentary appropriations	-	37
	33,588	32,948
Deferred revenues	2,108	2,452
Employee future benefits (Note 11)	2,291	2,192
Total liabilities	37,987	37,592

EQUITY

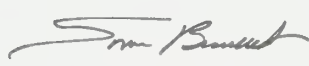
Contributed surplus (Note 12)	50,000	50,000
Retained earnings	11,423	12,715
Accumulated other comprehensive income (Note 13)	64,451	11,301
	75,874	24,016
Reserve from the capitalization of investment income	121,445	166,745
Reserve for investment in works of art and musical instruments	20,729	20,710
	142,174	187,455
Total equity	268,048	261,471
Total liabilities and equity	\$ 306,035	\$ 299,063

Contractual obligations and commitments (Note 17) (The accompanying notes and schedules form an integral part of the financial statements)

On behalf of the Board:



Joseph L. Rotman
Chair



Simon Brault
Vice-Chair

Statement of Operations

for the year ended March 31 (in thousands of dollars)

	2011	2010
REVENUES		
Net investment (loss) income (Note 14)	\$ (36,942)	\$ 7,825
Net Art Bank revenue (Note 15)	158	404
Other revenues	1,821	2,855
Total revenues	(34,963)	11,084
EXPENSES		
Programs		
Grants (Schedule 1)	154,532	158,390
Administration (Schedule 2)	13,244	12,512
Services	6,657	5,726
	174,433	176,628
Canadian Commission for UNESCO (Note 15)	2,168	2,005
General administration (Schedule 2)	16,237	15,592
Total expenses	192,838	194,225
Net cost of operations before parliamentary appropriation	227,801	183,141
Parliamentary appropriation	181,277	183,122
Net results for the year	\$ (46,524)	\$ (19)

Statement of Comprehensive Income

for the year ended March 31 (in thousands of dollars)

	2011	2010
Net results for the year	\$ (46,524)	\$ (19)

OTHER COMPREHENSIVE INCOME

Available-for-sale financial assets		
Unrealized gains on unrestricted available-for-sale financial assets during the year	5,751	17,598
Reclassification to the statement of operations of realized losses in the year	45,749	8,525
Net change in unrealized income in available-for-sale financial assets	51,500	26,123

RESTRICTED CONTRIBUTIONS FROM NON-OWNERS

Unrealized gains on contributions from non-owners during the year	2,116	6,518
Reclassification to the statement of operations of realized losses in the year	18,319	3,450
Donations from non-owners received during the year	-	1,287
Net investment (loss) income attributed to non-owners	(15,961)	1,621
Use of funds attributed to non-owners	(2,824)	(2,851)
Net change in unrealized income in contributions from non-owners	1,650	10,025

Comprehensive income for the year	\$ 6,626	\$ 36,129
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Statement of Changes in Equity

for the year ended March 31 (in thousands of dollars)

2011

2010

EQUITY

Contributed surplus (Note 12)	\$ 50,000	\$ 50,000
Retained earnings		
Balance at beginning of the year	12,715	13,317
Net results for the year	(46,524)	(19)
Appropriated from the reserve from the capitalization of investment income during the year	45,300	-
Appropriated to the reserve for the investment in works of art and musical instruments during the year	(68)	(583)
Balance at end of the year	11,423	12,715
Accumulated other comprehensive income (Note 12)		
Net unrealized gains (losses) from available-for-sale financial assets		
Balance at beginning of the year	(50,967)	(77,090)
Other comprehensive income for the year	51,500	26,123
Balance at end of the year	533	(50,967)
Restricted contributions from non-owners		
Balance at beginning of the year	62,268	52,243
Other comprehensive income for the year	1,650	10,025
Balance at end of the year	63,918	62,268
Total accumulated other comprehensive income	64,451	11,301
Total retained earnings and accumulated other comprehensive income	75,874	24,016
Reserves		
Reserve from the capitalization of investment income		
Balance at beginning of the year	166,745	166,745
Appropriated to retained earnings during the year	(45,300)	-
Balance at end of the year	121,445	166,745
Reserve for the investment in works of art and musical instruments		
Balance at beginning of the year	20,710	20,165
Net disposals during the year	(49)	(38)
Appropriated from retained earnings during the year	68	583
Balance at end of the year	20,729	20,710
Total reserves	142,174	187,455
Balance of equity at end of the year	\$ 268,048	\$ 261,471

(The accompanying notes and schedules form an integral part of the financial statements)

Statement of Cash Flows

for the year ended March 31 (in thousands of dollars)

2011

2010

OPERATING ACTIVITIES

Net results for the year	\$ (46,524)	\$ (19)
Items not affecting cash and cash equivalents		
Income on contributions from non-owners capitalized	(18,785)	(1,230)
Losses from disposal of financial assets classified as available for sale	4,207	4,903
Impairment on available for sale financial instruments	58,925	6,549
Loss on foreign currency from disposal of financial assets classified as available for sale	73	13
Amortization - other capital assets	1,060	968
Employee future benefits	99	68
	(945)	11,252
Change in non-cash operating assets and liabilities (Note 16)	3,877	(8,356)
Cash provided by operating activities	2,932	2,896

FINANCING ACTIVITIES

Contributions received from non-owners	-	1,287
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INVESTING ACTIVITIES

Purchases of investments	(52,693)	(43,917)
Sales of investments	47,747	32,061
Acquisition of other capital assets, works of art and musical instruments	(1,246)	(1,130)
Cash used for investing activities	(6,192)	(12,986)
Decrease in cash and cash equivalents	(3,260)	(8,803)
Cash and cash equivalents at beginning of the year	1,026	9,829
Net (bank overdraft) cash position at the end of the year	\$ (2,234)	\$ 1,026

REPRESENTED BY:

Cash equivalents (Note 5)	\$ 340	\$ 4,501
Bank overdraft	(2,574)	(3,475)
	\$ (2,234)	\$ 1,026

Notes to Financial Statements

March 31, 2011

1. Authority, Operations and Objectives

The Canada Council for the Arts (the "Council"), established by the *Canada Council Act* in 1957 and subsequently amended in 2001 by Bill C-40 to the *Canada Council for the Arts Act*, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with section 85(1.1) of the *Financial Administration Act*, the Council is exempt from Divisions I to IV of Part X of this Act, except for subsection 105(2) and sections 113.1 and 119 of Division II, sections 131 to 148 of Division III and section 154.01 of Division IV. The Council is a Crown corporation whose objectives are to foster and promote the study and enjoyment of, and the production of works in, the arts.

The Council achieves its objectives primarily through grant programs to professional Canadian artists and arts organizations. The Council incurs administration and services expenses in the delivery of programs. Program administration expenses are detailed in Schedule 2 and represent the direct costs of program delivery. Program services expenses mainly represent the costs associated with the adjudication of the Council's grants. General administration costs represent the costs related to corporate management, communications, human resources, information management, finance, accommodation and amortization.

The *Canada Council for the Arts Act* assigns the Council with the functions and duties for the Canadian Commission for UNESCO (the "Commission"). The Commission advises the Government of Canada on its relations with the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Commission also fosters co-operation between Canadian organizations in civil society and UNESCO.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting policies of the Council are:

A Measurement uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Employee-related liabilities, the estimated useful lives of capital assets and the fair value of financial instruments are the most significant items where estimates are used. Actual results could differ from those estimated.

B Financial instruments

All financial instruments are initially measured at fair value. The following table identifies the Council's financial assets and liabilities and identifies how they are classified and subsequently measured.

Financial asset or liability	Basis of classification	Measurement
Cash equivalents	Held-for-trading	Fair Value
Accounts receivable	Loans and receivables	Amortized Cost
Investments	Available-for-sale	Fair Value
Derivatives	Held-for-trading	Fair Value
Bank Overdraft	Held-for-trading	Fair Value
Grants payable	Other liabilities	Amortized Cost
Accounts payable and accrued liabilities	Other liabilities	Amortized Cost

C Cash equivalents

Cash equivalents represent short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents on the Council's balance sheet comprise units in a short-term pooled fund. Distributed income is recorded on an accrual basis and is recognized in the statement of operations under net investment income in the year in which it is earned.

D Derivatives

The Council does not apply hedge accounting to its derivatives. Derivatives are recognized at fair value on the balance sheet. Derivatives with a positive (negative) fair value are reported as assets (liabilities). All changes in the fair value of derivatives are recognized on the statement of operations under net investment income in the year in which they occur.

E Investments

Changes in the fair value of investments are recognized directly in other comprehensive income until the investment is derecognized, or until a loss is considered to be other than temporary, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net investment income on an average cost basis for the year. The investments may be sold in response to changes in the Council's liquidity requirements and to rebalance the asset mix to benchmarks stipulated in the Council's investment policy. Purchases of investments are recorded on the settlement date. All investment revenues are recorded in the statement of operations under net investment income. All management fees paid are expensed in the year.

F Other capital assets, works of art and musical instruments

Equipment and leasehold improvements are carried at cost less the accumulated amortization. Amortization is calculated using the straight-line method, over the estimated useful lives of the assets as follows:

Office equipment	5 years
Leasehold improvements	remaining term of the lease

Purchased works of art and musical instruments are capitalized at cost. Donated works of art and musical instruments are recorded at their fair value at the time the donation is received. No amortization is recorded on these assets.

G Employee future benefits

1 Severance benefits

Employees are entitled to severance benefits, as provided for under conditions of employment and the collective agreement. The cost of these benefits is accrued as the employees render the services necessary to earn them. The liability is calculated based on management's best estimates and assumptions, on the employee's salary and number of years of service as at March 31. For employees who have attained the age of 50, with one year or more of continuous service, one week's salary is calculated for each completed year of continuous service up to a maximum of 28 weeks. For employees who have not attained the age of 50, with one or more years of service, one-half of one week's salary is calculated for each completed year of continuous service up to a maximum of 26 weeks. Term employees who have 12 consecutive months of continuous service are entitled to either two days pay for each completed year of continuous service or five days pay, whichever is greater. These benefits represent the only employment obligation of the Council that entails settlement by future payment.

2 Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Council's contribution to the plan reflects the full cost as employer. The amount is currently based on a multiple of the employee's required contributions and may change over time depending on the experience of the Plan. These contributions are expensed during the year in which the services are rendered and represent the total pension obligations of the Council. The Council is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

H Reserves

1 Reserve from the capitalization of investment income

This reserve represents the sum of excess investment income since the establishment of the Council in 1957. In years when net investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the retained earnings to the reserve from the capitalization of investment income. In years when net investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. These transfers are approved by the Board.

2 Reserve for investment in works of art and musical instruments

This reserve represents a transfer from retained earnings to the reserve of an amount equal to the cost of works of art or musical instruments purchased or disposed or the original appraised value of works of art or musical instruments donated to, or disposed by, the Council.

I Revenue recognition

1 Parliamentary appropriation

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriation for specific projects is deferred and recognized on the statement of operations in the year in which the related expenses are incurred. The parliamentary appropriation is mainly used for operations.

2 Contributions

The Council receives non-owner contributions that are externally restricted for specific purposes by the donors.

Externally restricted non-owner contributions, including realized and unrealized gains and losses for the associated externally restricted investment income, are recognized in other comprehensive income. The accumulated income from restricted non-owner contributions is reduced and recognized in the statement of operations under net investment income once the related expenses are incurred.

Unrestricted non-owner contributions are recognized as other revenue in the year received or in the year the funds are committed to the Council if the amount can be reasonably estimated and collection is reasonably assured.

In-kind contributions are recorded at their fair value when they are received.

3 Art Bank rental revenues

Revenues generated from the rental of works of art are recognized in the year in which services are provided. They are included in net Art Bank revenue.

4 Other revenues

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years.

Grants

Grants are recorded as an expense in the year for which they are approved by the Board.

K Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies and non-monetary assets carried at market are translated to Canadian dollars at the exchange rate in effect at the balance sheet. Revenue and expense items are translated at average exchange rates prevailing throughout the year. All exchange gains and losses are included in determining the net results for the year except for available-for-sale investments where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Operating leases

The Council enters into operating leases for its office accommodation. Lease inducements are recorded as a reduction to the office accommodation expense on a straight-line basis over the term of the lease.

M Future accounting changes

In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards (PSAS) of the PSA Handbook. This amendment eliminated the Government Business Type Organization (GBT) classification which had applied to the Council, and entities were required to re-assess their classification. The Council revised its classification to Other Government Organization (OGO). As an OGO, the Council has determined that the most appropriate basis of accounting that meets the needs of the users of its financial statements is PSAS. The Council will adopt PSAS for its fiscal year beginning April 1, 2011.

The Council has performed a detailed review and developed a series of position papers to identify the impact of its transition to PSAB standards. The impact on the financial statements at the transition date has not been finalized.

3. Capital Management

The Council's capital consists of Restricted contributions from non-owners, Contributed Surplus (see Note 12), a Reserve from the capitalization of investment income (see Note 2(h)i), a Reserve for investment in works of art and musical instruments (see Note 2(h)ii) and Retained Earnings.

The Council's objective when managing capital is to safeguard the Council's ability to continue its mandate (as described in Note 1). In order to meet its capital management objectives, the Council invests in a diversified portfolio.

There have been no changes to the way Council manages its capital from the previous year.

Restricted contributions from non-owners

The contributions from non-owners consist of contributions received or receivables by way of bequest and donation that have been restricted for specific purposes by the donors, the proportionate share of unrealized and/or recognized gains or losses on the associated investments and unspent restricted income earned on the associated investments.

The original contribution principal from non-owners received up to March 31, 2011 is \$38,758,000 (2010 - \$38,758,000). Each contribution received is included with the Council's investment portfolio and a proportionate share of that contribution is calculated based upon the fair value of the investment portfolio at the time it was received. The Council manages the contributions as stipulated in the trust documents. The Council has complied with the requirements of these external contributions.

4. Financial Instruments

Summary of financial instruments

At March 31, the classification of the Council's financial instruments, as well as their carrying amounts and fair values are as follows:

(in thousands of dollars)		2011	2010
Financial assets and liabilities	Classification	Carrying amount and fair value	Carrying amount and fair value
Cash equivalents	Held for trading	340	4,501
Accounts receivables	Loans and receivables	2,395	1,669
Derivatives net	Held-for-trading	113	3,748
Investments ¹	Available for sale	279,232	265,554
Bank overdraft	Held-for-trading	2,574	3,475
Grants payable	Other liabilities	25,927	26,452
Accounts payable and accrued liabilities	Other liabilities	4,900	2,971

¹ The detailed fair value for the investments is listed in Note 7.

Risk management

The Council is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (price risk, interest rate risk and currency risk). The long term goal of the Council's investment policy is to produce long term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital. This policy allows the use of certain derivative financial instruments.

In order to manage risk, the Council invests in a diversified portfolio that is managed by professional investment managers. The Council's investments are guided by a Statement of Investment Policies and Goals which is approved by the Board and reviewed on an annual basis. The Council is assisted in the oversight and management of its portfolio by an Investment Committee that includes independent experts with experience in both the investment field and the asset classes being invested in. In addition, the Council uses the

services of an independent investment consultant to assist the investment Committee in its work. As the investment markets continue to evolve, the Investment Committee recommends adjustments to the asset mix to minimize the overall risk of the portfolio.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

At the balance sheet date, financial assets exposed to credit risk include investments, accounts receivable and derivatives. The carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

Through its investments in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund, the Council is indirectly exposed to the credit risk of the underlying investments of those funds. These risks are managed at the investment manager level. Their objectives are to invest in high quality financial instruments with creditworthy counterparties, by limiting the amount that can be invested in any one counterparty and by using other limits set out in the Council's investment policy.

The majority of the Council's accounts receivables are due from the Government of Canada and, as such, have low credit risk. The Council mitigates credit risk through monitoring of the outstanding balances. As at March 31, 2011, there were no significant amounts past due (Nil - 2010).

The credit risks on derivatives are managed by contracting only with creditworthy counterparties that must satisfy two out of the three following ratings from external credit rating agencies: A3 for Moody's, A- for Standard & Poor's or A- for Fitch/IBCA.

Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due.

The Council receives most of its revenue by way of parliamentary appropriation from the Government of Canada. That revenue is temporarily invested in the short-term pooled fund until it is required.

The objectives of the Council with respect to the management of liquidity is to ensure that the capital value of its short-term pooled funds is preserved, that the investments are sufficiently liquid and that investment income is distributed in cash when possible.

The liquidity available from the short-term funds and investments ensures that the Council is able to meet its obligations and commitments. The majority of the investment portfolio can be redeemed within three days. As well, the permitted and prohibited investments are governed by Board-approved short-term and long-term investment policies which ensure that the liquidity risk is minimized.

The following table presents a maturity analysis for the Council's financial assets and liabilities.

As at March 31	2011			2010		
	Total	No Fixed Maturity	Less than 3 years	Total	No Fixed Maturity	Less than 3 years
(in thousands of dollars)						
Financial Assets						
Cash equivalents	340	-	340	4,501	-	4,501
Accounts receivable	2,395	-	2,395	1,669	-	1,669
Derivatives	300	-	300	3,761	-	3,761
Investments	279,232	279,232	-	265,554	265,554	-
	282,267	279,232	3,035	275,485	265,554	9,931
Financial Liabilities						
Bank overdraft	2,574	-	2,574	3,475	-	3,475
Grants payable	25,927	-	25,927	26,452	-	26,452
Accounts payable and accrued liabilities	4,900	-	4,900	2,971	-	2,971
Derivatives	187	-	187	13	-	13
	33,588	-	33,588	32,911	-	32,911

In the table above, investments are assets with no fixed maturity. The Council has an Investment Policy that enables it to withdraw amounts, during the year, from its investment portfolio valued up to 4.5% of the previous three-year average market value using balances at September 30, if needed.

3 Market Risks

The Council's activities are primarily exposed to price risk, interest rate risk and currency risk.

The investment managers' directives are to manage the Council's market risks on a daily basis in accordance with the Council's policies. The Council's overall market positions are monitored on a quarterly basis by the Board of Directors and the Investment Committee.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Council is exposed to market price risk arising from its investments in units of equity and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund.

Price sensitivity

The following details the Council's portfolio sensitivity to a 10% (2010 – 10%) increase or decrease in the market prices, with 10% (2010 – 10%) being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of a reasonably possible change in market prices. The sensitivity rate is determined using the historical standard deviation for the total fund as determined by the investment advisor.

At 31 March 2011, if market prices had a 10% (2010 – 10%) increase or decrease with all other variables held constant, the increase or decrease in accumulated other comprehensive income for the year would have been \$27,670,000 (2010 – \$26,750,000) due to the increase or decrease in the fair value of available for sale financial assets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure of the Council arises from its interest bearing assets. The Council's cash includes amounts on deposit with a financial institution that earns interest at market rates. The objective of the Council is to manage its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations

in market rates of interest on cash do not have a significant impact on the Council's results of operations.

The Council's investments in short-term pooled funds, fixed income pooled fund and alternative pooled funds are indirectly affected by movements in their fair value as a result of fluctuations in market interest rates. The impact of the fluctuation cannot be assessed since Council holds units of pooled funds and not the underlying assets.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the balance sheet date, the Council's only monetary financial instruments exposed to foreign currency were the derivatives liability valued at \$187,000 (2010 – derivatives liability of \$13,000) and no exposure (2010 – Nil) in cash equivalents. Given the small size of the foreign currency exposure compared with the total assets of the Council, currency risk is not considered material.

5. Cash Equivalents

The Council invests in a short-term pooled fund managed by State Street Global. All instruments held in the pooled funds are rated R1 (low) or A (low) or better as rated by a recognized bond rating agency. These funds are comprised of securities issued by different levels of government, chartered banks and corporate issuers. Except for instruments guaranteed by all levels of government, no more than 10% of the short-term portfolio is invested with any one issuer.

The pooled fund is the temporary investment of the Council's excess daily cash requirements which had a balance of \$340,000 (2010 – \$4,501,000). For the year ended March 31, 2011, this fund earned a return of 1.4% (2010 – 0.25%) and the underlying investments had an average weighted term to maturity of 32 days (2010 – 19 days).

6. Derivatives

The use of derivatives has been limited to foreign currency forward contracts. The Council currently uses foreign currency forward contracts that represent commitments to purchase or sell foreign currencies for delivery at a specific date in the future at a fixed rate to manage its foreign currency exchange risk. These contracts are typically for a one-month period.

During the year, the Council entered into foreign currency forward contracts to manage its exposure to foreign currency exchange risk on the non Canadian dollar denominated portion of its investments portfolio, except for the emerging market component which was unhedged and represented approximately 3.3% (2010 – 2.7%) of the investment portfolio. The hedge strategy allows hedging of the designated assets within a range of 30% to 70% of the foreign exposure.

Foreign currency forward contracts have notional amounts that serve as points of reference for calculating payments and are not the actual amounts that are exchanged. These amounts are not recorded on the balance sheet, as they do not represent their fair value. At March 31, 2011, the Council held foreign currency forward contracts, for settlement May 3, 2011, with a total notional amount of \$53,719,000 (2010 – \$63,909,000).

Currency	(in thousands of dollars)	
	Forward rate	Notional amount ¹
US dollar	1.027	28,758
Euro	0.724	11,401
United Kingdom Pound sterling	0.641	4,764
Japanese yen	85.124	3,657
Others	4.115	5,139

¹ The notional amount represents the Council's exposure to those currencies as per its dynamic hedging strategy.

The fair value of outstanding foreign exchange forward contracts represents a liability of \$187,000 (2010 – liability of \$13,000) and reflects the potential loss if settlement were to take place on March 31, 2011. The derivative asset consists of an unrealized gain of \$300,000 (2010 – unrealized gain of \$3,761,000) on foreign currency forward contracts that matured on March 31, 2011, but only settled on April 4, 2011. The net investment income includes a net foreign currency gain for the year of \$757,000 (2010 – gain of \$12,614,000).

7. Investments

	2011					2010		
	Cost	Unrealized losses	Unrealized gains	Fair value		Cost	Fair value	
(in thousands of dollars)	\$	\$	\$	\$	%	\$	\$	%
Canada Council Endowment and Special Funds								
Pooled funds								
Equity	107,242	-	2,113	109,355	49.3	149,358	96,339	45.5
Fixed income	73,309	2,575	-	70,734	31.8	52,181	50,198	23.7
Alternatives	20,017	47	1,619	21,589	9.7	26,622	26,838	12.7
Money market	5,788	-	-	5,788	2.6	26,135	26,135	12.4
Real estate	7,769	163	443	8,049	3.6	6,027	5,764	2.7
Infrastructure	7,208	514	-	6,694	3.0	6,525	6,325	3.0
	221,333	3,299	4,175	222,209	100.0	266,848	211,599	100.0
Killam Funds								
Pooled funds								
Equity	27,692	-	539	28,231	49.4	39,930	24,896	46.1
Fixed income	18,605	671	-	17,934	31.5	13,183	12,666	23.5
Alternatives	5,150	12	412	5,550	9.7	6,831	6,884	12.8
Money market	1,071	-	-	1,071	1.9	6,049	6,049	11.2
Real estate	2,079	42	117	2,154	3.8	1,561	1,492	2.8
Infrastructure	2,243	160	-	2,083	3.7	2,030	1,968	3.6
	56,840	885	1,068	57,023	100.0	69,584	53,955	100.0
Total investments	\$ 278,173	\$ 4,184	\$ 5,243	\$ 279,232		\$ 336,432	\$ 265,554	

Unrealized losses on investments are primarily due to the timing of the market prices, foreign exchange movements, or the early years in the business cycle for some investments. Annually, the Council assesses each of its investment instruments against specific criteria to determine whether there is objective evidence that the adjusted cost may not be recovered and is therefore impaired. The fair value of the Council's investment in two global equity pooled funds, which is determined using closing market prices as at the balance sheet date, significantly declined during the financial crisis in 2008 and has not been able to fully recover over the last three years and full recovery is not expected in the next year. Therefore the Council considers this decline to be other-than-temporarily and has recognized an impairment loss on these two investments for a total of \$58.9 million in 2011. This amount represents the difference between the adjusted cost value of the investments and the closing fair value as at the balance sheet date. As a result, this amount has been removed from accumulated other comprehensive income and reported in net results for the year.

The long-term objectives of the Canada Council Endowment and Special Funds and the Killam Funds are to generate long-term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital.

The Council invests in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund. The permitted and prohibited investments as well as

the asset mix are governed by a Board approved investment policy. All of the investments are managed by professional investment managers.

The Council manages its portfolio to the following benchmarks adopted by the Board in October 2010. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset classes	Actual market value	Minimum	Benchmark	Maximum
Canadian equities	6%	0%	5%	7%
Global equities	43%	30%	40%	50%
Fixed income	31%	25%	35%	40%
Alternatives	10%	5%	10%	15%
Real estate	4%	0%	5%	7%
Infrastructure	3%	0%	5%	7%
Money market	3%	0%	0%	15%

The money market asset class includes short-term pooled funds used for capital committed to future investment in limited partnership units of real estate and infrastructure funds and re-balancing to fixed income asset class. These funds had a balance of \$6,860,000 (2010 – \$32,184,000). For the year ended March 31, 2011, these funds earned a return of 1.4% (2010 – 0.25%) and the

underlying investments had an average weighted term to maturity of 32 days (2010 – 19 days).

Investments in the equity pooled funds are comprised of units of three pooled funds, one Canadian fund and two funds that are invested in the global equity markets. The Canadian equities are measured against the returns of the Standard and Poor's Toronto Stock exchange Index. The global equities are measured against the returns of the Morgan Stanley Capital International World Hedge Index. Investments in the fixed income pooled fund are comprised of Canadian Government and corporate bonds with a minimum credit quality of BBB or equivalent rated by a recognized bond rating agency. The fixed income fund is intended to replicate the returns of the DEX Universe Bond Index. Investments in the alternative pooled funds are comprised of units of two hedge funds with diversified positions across global asset classes. These investments are measured against the returns of the Scotia Capital 91-day T-bill plus 20%. The assets included in the real estate funds are commercial real estate properties in Canada and the United States. These investments are measured against the returns of the Investment Property Databank for the Canadian managers and the National Council of Real Estate Investment Fiduciaries (NCREIF) for the US manager. The infrastructure fund includes a portfolio of diversified infrastructure investments. These investments are measured against the Consumer Price Index plus 4.5%.

8. Fair Value

A Establishing fair value

The carrying value of cash equivalents, accounts receivable, bank overdraft, grants payable and accounts payable and accrued liabilities approximates their fair values due to their short-term maturity.

The fair value of derivative instruments is calculated using supportable observable market inputs including the current market spot and the forward exchange rates at year end (see Note 6).

The fair values of the investments are determined as follows:

- Pooled fund investments are valued at the unit values supplied by the pooled fund managers, which represent the Council's proportionate share of the underlying net assets at fair values, determined using closing market prices (Level 2).
- Real estate investment values are supplied by the fund managers using independently audited appraisals which are based on a valuation model with non-observable data. The independently audited appraisals are obtained annually (Level 3).
- Infrastructure investment values are supplied by the fund managers using internally audited appraisals which are reviewed annually by the fund's auditors as part of the annual fiscal year end audit of the fund. The appraisals are based on a valuation model with non-observable data (Level 3).

B Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Balance Sheet, classified using the fair value hierarchy described above:

Financial assets at fair value

(in thousands of dollars)

	2011				2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Held-For-Trading Financial Assets								
Bank overdraft	(2,574)	-	-	(2,574)	(3,475)	-	-	(3,475)
Cash equivalents	-	340	-	340	-	4,501	-	4,501
Foreign currency forward contracts	300	-	-	300	3,761	-	-	3,761
	(2,274)	340	-	(1,934)	286	4,501	-	4,787
Available-for-Sale Financial Assets								
Canada Council Endowment and Special Funds								
Pooled Funds								
Equity		109,355	-	109,355		96,339	-	96,339
Fixed Income		70,734	-	70,734		50,198	-	50,198
Alternatives		-	21,589	21,589		-	26,838	26,838
Money Market		5,788	-	5,788		26,135	-	26,135
Real Estate		-	8,049	8,049		-	5,764	5,764
Infrastructure		-	6,694	6,694		-	6,325	6,325
Kiillam Funds								
Pooled Funds								
Equity		28,230	-	28,230		24,896	-	24,896
Fixed Income		17,935	-	17,935		12,666	-	12,666
Alternatives		-	5,550	5,550		-	6,884	6,884
Money Market		1,072	-	1,072		6,049	-	6,049
Real Estate		-	2,154	2,154		-	1,492	1,492
Infrastructure		-	2,082	2,082		-	1,968	1,968
	-	233,114	46,118	279,232	-	216,283	49,271	265,554
Total	(2,274)	233,454	46,118	277,298	286	220,784	49,271	270,341

Financial liabilities at fair value

(in thousands of dollars)	2011				2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Held-For-Trading Financial Liabilities								
Foreign currency forward contracts	187	-	-	187	13	-	-	13
Total	187	-	-	187	13	-	-	13

During the year, there were no significant transfers of amounts between Level 1 and 2 (no transfer in 2010).
The following tables reconciles the changes in fair value of financial instruments classified as Level 3 during the year:

(in thousands of dollars)	2011				2010			
	Alternative Funds	Real Estate Funds	Infrastructure Funds	Total	Alternative Funds	Real Estate Funds	Infrastructure Funds	Total
Available-for-Sale financial Assets								
Canada Council Endowment and Special Funds								
Opening balance	26,838	5,764	6,325	38,927	26,012	8,985	3,329	38,326
Total gains or losses								
- recognized in other comprehensive income	1,356	544	(314)	1,586	826	1,063	(273)	1,616
Purchases	-	1,930	683	2,613	-	926	3,273	4,199
Issues	(6,605)	(189)	-	(6,794)	-	-	-	-
Settlements	-	-	-	-	-	-	(4)	(4)
Impairment	-	-	-	-	-	(5,210)	-	(5,210)
Transfers in/out of level 3	-	-	-	-	-	-	-	-
Closing balance	21,589	8,049	6,694	36,332	26,838	5,764	6,325	38,927
Killam Funds								
Opening balance	6,884	1,492	1,968	10,344	6,676	2,300	1,036	10,012
Total gains or losses								
- recognized in other comprehensive income	347	144	(98)	393	208	278	(85)	401
Purchases	-	565	212	777	-	253	1,018	1,271
Issues	(1,681)	(47)	-	(1,728)	-	-	-	-
Settlements	-	-	-	-	-	-	(1)	(1)
Impairment	-	-	-	-	-	(1,339)	-	(1,339)
Transfers in/out of level 3	-	-	-	-	-	-	-	-
Closing balance	5,550	2,154	2,082	9,786	6,884	1,492	1,968	10,344

The Council's valuation of Level 3 Investments was based on its assessment of the prevailing conditions at March 31, 2011, which may change materially in subsequent periods. The most significant factor which may have an impact on the future value of these assets is the market price. If market prices had a 6% increase or decrease with all other variables held constant, the increase or decrease on the future value of these assets would be approximately \$2,734,000 in accumulated other comprehensive income.

include clauses that stipulate how the works of art or musical instruments are to be handled in order to safeguard them. The Council insures the works of art and the musical instruments for their fair value.

9. Works of Art and Musical Instruments

(in thousands of dollars)	2011	2010
Works of art	\$ 19,181	\$ 19,162
Musical instruments	1,548	1,548
	\$ 20,729	\$ 20,710

The Council's Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes over 17,500 paintings, sculptures, drawings, photographs and prints by over 3,116 artists. The Art Bank rents art works to interested parties and presently has over 5,140 (2010 - 5,900) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Council created the Musical Instrument Bank in 1985, and it presently owns a fine cello bow and five quality musical instruments. In addition, the Council manages ten instruments on loan, nine from anonymous donors and one from another donor.

Agreements are signed with the organizations that rent the works of art and with the individuals to whom the instruments are loaned. Those agreements

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 6,680	\$ 5,106	\$ 1,574	\$ 1,010
Leasehold improvements	5,365	4,172	1,193	1,641
	\$ 12,045	\$ 9,278	\$ 2,767	\$ 2,651

11. Employee Future Benefits

A Severance benefits

The Council provides severance benefits to its employees based on years of service and final salary. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue. Information about the plan benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2011	2010
Accrued benefit obligation, beginning of year	\$ 2,192	\$ 2,124
Cost for the year	254	286
Benefits paid during the year	(155)	(218)
Accrued benefit obligation, end of year	\$ 2,291	\$ 2,192

Pension benefits

The Council and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Council's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2011	2010
Employer's contributions	\$ 2,044	\$ 2,063
Employees' contributions	1,064	1,029

12. Contributed Surplus

Contributed surplus represents the original contribution by the Government of Canada of \$50 million, which constituted an Endowment Fund when the Council was established in 1957.

13. Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains or losses on available-for-sale investments and restricted contributions from non-owners.

The restricted contributions from non-owners are included with the Council's investment portfolio, and a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time the contribution was received. The proportionate share for each restricted contribution of the unrealized gains or losses from the revaluation to fair value of the Council's investment portfolio as at March 31, net of the reclassifications to income of realized gains or losses in the year, is recognized in other comprehensive income as non-owner contributions.

14. Net Investment (Loss) Income

(in thousands of dollars)	2011	2010
Losses from disposal of financial assets classified as available-for-sale	\$ (4,207)	\$ (4,903)
Impairment on available-for-sale financial instruments ¹	(58,925)	(6,549)
Losses on foreign currency from disposal of financial assets classified as available-for-sale	(73)	(13)
Net foreign currency gain on financial assets and liabilities classified as held-for-trading	757	12,614
Interest and dividend income from financial assets classified as available-for-sale	8,169	6,859
Interest income from financial assets designated as held-for-trading	21	12
Income attributable to contributions from non-owners	18,785	1,230
Investment portfolio management costs	(1,469)	(1,425)
	\$ (36,942)	\$ 7,825

¹ During the year, the Council recognized an impairment in the value of its interest in both global equity pooled funds of \$58.9 million as the loss in value was considered other-than-temporary (see Note 7).

The financial markets in which the Council invests are quite diversified, and investment income can fluctuate year over year. In years where investment income exceeds expectations, the Council reinvests excess income in order to maintain the purchasing power of the fund and to ensure its continued growth. This approach brings stability and long-term growth, so that, in years where income is not as favourable, previous years' income represented by reserve from the capitalization of investment income, a component of equity, can be utilized.

15. Net Art Bank Revenue and Canadian Commission for UNESCO

(in thousands of dollars)	2011	2010
Net Art Bank Revenue		
Rental revenue	\$ 1,916	\$ 2,106
Other income	289	267
Administration expense	(2,025)	(1,949)
Amortization of other capital assets	(22)	(20)
Net Art Bank revenue	\$ 158	\$ 404

Canadian Commission for UNESCO		
Program expenses	\$ 826	\$ 608
Program - contributions received	(4)	(40)
Administration expense	1,346	1,437
Canadian Commission for UNESCO expenses	\$ 2,168	\$ 2,005

Program expenses represent mainly the costs associated with the Commission's activities at national and international meetings related to education, science and culture. These costs are offset by contributions received from other organizations partnering with the Commission on these activities. Administration expenses represent the direct costs of delivering the Commission's programs.

16. Change in Non-cash Operating Assets and Liabilities

(in thousands of dollars)	2011	2010
Increase in accounts receivable	\$ (726)	\$ (373)
Decrease (increase) in derivatives - assets	3,461	(3,751)
(Increase) decrease in prepaid expenses	(55)	388
Decrease in grants payable	(525)	(3,935)
Increase (decrease) in accounts payable and accrued liabilities	1,929	(256)
Increase (decrease) in derivatives - liabilities	174	(83)
Decrease in deferred revenues	(344)	(340)
Decrease in deferred parliamentary appropriations	(37)	(6)
Net cash received (used) by non-cash operating assets and liabilities	\$ 3,877	\$ (8,356)

17. Contractual Obligations and Commitments

a) Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants commitments approved prior to March 31, 2011 are as follows:

(in thousands of dollars)

2012	\$	79,813
2013		53,451
2014		10,110

b) The Council is party to long-term operating leases with respect to rental accommodation. The net minimum annual rental is as follows:

2012	\$	4,586
2013		4,586
2014		3,541
2015		361
2016		419
2017 – 2020		1,431
Total	\$	14,924

c) The Council has signed agreements with real estate and infrastructure investment managers and committed capital in limited partnership funds. Because it takes time for those funds to be fully invested, the balance of committed capital not yet drawn at March 31, 2011 is \$9,280,000. The outstanding balance of committed capital is currently invested in short term pooled funds.

18. Related Party Transactions

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with related parties in the normal course of business on normal trade terms applicable to all individuals and enterprises, and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Council incurred grant expenses totaling \$399,000 (2010 - \$145,000) and recorded rental revenues of works of art, contributions and other revenues totaling \$1,701,000 (2010 - \$1,871,000) with related parties.

As at March 31, the Council recorded the following amounts on the balance sheet for transactions with related parties:

(in thousands of dollars)

	2011	2010
Accounts receivable	\$ 471	\$ 627
Grants payable	77	60
Accounts payable and accrued liabilities	4	7
Deferred revenues	677	774

19. Comparative Figures

Certain 2010 figures have been reclassified to conform to the presentation adopted in 2011.

Schedule 1: Grant Expenses by Section

for the year ended March 31 (in thousands of dollars)

	2011	2010
Arts Programs		
Music	\$ 28,156	\$ 29,474
Theatre	26,824	26,540
Writing and Publishing	24,261	24,597
Visual Arts	21,255	21,273
Dance	18,650	18,308
Media Arts	13,441	14,304
Inter-Arts	2,564	2,522
Audience and Market Development	2,035	2,189
Equity	1,605	1,417
Aboriginal Arts	1,395	1,747
Alberta Creative Development	1,116	2,163
Other	1,075	1,595
Public Lending Right	9,908	9,963
Killam Program		
Killam Research Fellowships	1,120	1,190
Killam Prizes	500	500
Other Prizes and Awards		
Victor Martyn Lynch-Staunton Awards	105	105
Molson Prizes	100	100
John G. Diefenbaker Award	95	75
Walter Carsen Prize	50	50
Other prizes and awards < \$50,000	277	278
	\$ 154,532	\$ 158,390

Schedule 2: Administration Expenses

for the year ended March 31 (in thousands of dollars)

	Programs	General Administration	2011 Total	2010 Total
Salaries	\$ 9,070	\$ 6,324	\$ 15,394	\$ 14,728
Employee benefits	2,476	1,665	4,141	3,905
Office accommodation	33	3,833	3,866	3,823
Professional and special services	619	1,390	2,009	1,888
Amortization	-	1,038	1,038	948
Staff travel	756	228	984	902
Printing, publications and duplicating	24	480	504	463
Information management	5	475	480	399
Communications	145	239	384	437
Meeting expenses including members' honoraria	95	224	319	301
Office expenses and equipment	5	309	314	268
Miscellaneous	16	32	48	42
	\$ 13,244	\$ 16,237	\$ 29,481	\$ 28,104

The Canada Council for the Arts has printed separate English- and French-language versions of its 2010-11 Annual Report in order to save paper and reduce our impact on the environment. Both language versions are available at:

Le Conseil des Arts du Canada a imprimé séparément les versions anglaises et françaises de son Rapport annuel 2010-2011 afin d'économiser une quantité importante de papier et de réduire son incidence sur l'environnement. Il est possible de consulter les deux versions du rapport à:

www.cca.ca/arts.ca



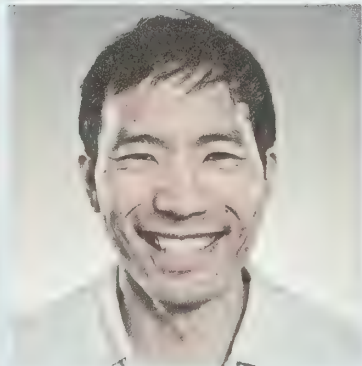


Teacher

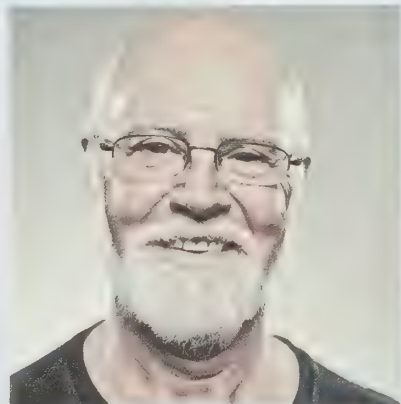
CREATIVITY.
COMMUNITY.
LIFE.



Nancy Proulx-Kissick



Business person



Social Worker

Peter Hewett

Joji Kumagai

Max Jacobs



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for the Arts

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Bringing the arts to life

2011-12

Annual Report



Canada Council
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for the Arts

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du Canada

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Mandate

The Canada Council for the Arts is Canada's national arts funder. It has been contributing to a vibrant arts scene in Canada for over 50 years.

The Council offers a broad range of grants (over 6,000 in 2011-12) and services to professional Canadian artists and arts organizations. It raises public awareness of the arts through its communications, research and arts promotion activities.

Canada Council prizes and fellowships celebrate creativity by recognizing some 200 exceptional Canadians in the arts, humanities and sciences every year. The Canadian Commission for UNESCO operates under the general authority of the Council.

The Canada Council is governed by an 11-member Board. Members of the Board and the Director/CEO of the Council are appointed by the Governor in Council for fixed terms. The Council relies heavily on the advice of artists and arts professionals from all parts of Canada (some 700 serve annually as jurors, or peer assessors) and works in close co-operation with federal, provincial, territorial and municipal arts and cultural agencies and departments.

As a federal Crown corporation, the Council reports to Parliament through the Minister of Canadian Heritage. Its annual budget allocation from Parliament is supplemented by endowment income, donations and bequests.



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*Message
from the Chair
Joseph L. Rotman*

Earlier this year I found myself sharing the stage of Toronto's Massey Hall with Canadian icon Leonard Cohen. He was there for a sold-out concert to celebrate his winning The Ninth Glenn Gould Prize for enriching the human condition through the arts; I was there to accept on the Canada Council's behalf his donation to Council of the \$50,000 in prize money that came with the award.

Mr. Cohen expressed how "profoundly grateful" he was to the Canada Council for an early grant that launched his writing career, and donated his prize money to ensure that others can benefit from the same support he received so early in his career. The Council is truly grateful for this endorsement of its core mandate of supporting individual artists and work that enriches the lives of all Canadians. At a time when Canada is being urged to accelerate its innovation agenda, investing in creativity should be a national priority.

As the Council's 2011-12 annual report amply demonstrates, there are literally thousands of practicing artists like Mr. Cohen whose careers are advanced each year by the Canada Council, and millions of Canadians whose lives are directly and indirectly impacted by Council-funded initiatives. Put these elements together and one has a key to what makes the Council such a success: its work both strengthens arts practice and connects the public to the arts.

The Canada Council is acutely aware of the importance that stable funding represents to artists in a time of financial uncertainty. In pre-budget consultations, the arts community asked the federal government to maintain Canada Council funding, and the federal government understood the importance of this message. On March 29, 2012 the Minister of Finance announced that the Council's parliamentary appropriation would remain stable for the next three years.

All of us at the Council are enormously heartened by the positive message sent by this vote of confidence. It is a clear signal of support for the arts as the creative heart of the nation. This government and the Minister of Canadian Heritage, the Hon. James Moore, clearly appreciate the sector's positive contribution to the economy and identity of this country. It makes it all the more important that we continue to demonstrate the highest possible standard in our investment of public funds.

We know that "stable" does not mean "stagnant." In Year 1 of our 2011-16 strategic and corporate plan, *Strengthening Connections*, the Board continued to shore up the sound management that distinguishes the Council. We strengthened our policies and procedures for entity risk management, adopted an organization-wide strategic communications plan, improved our governance practices and finalized plans to move to a more cost-effective and energy-efficient building when our current lease expires in December 2013.

As Chair of the Council, and indeed as a citizen of this country, it is my personal commitment to ensure that accountability to Canadians is foremost in all of the Council's thinking and planning. That's why I give my full support to Council's priority for public engagement as a critical component in ensuring a vibrant arts sector in Canada.

While managing change, Boards of Directors must also provide continuity. During the past year we welcomed the addition of new Board member David McKay (NB), and the reappointment of Barbara Burley (NB) and Anna Porter (ON). We also said goodbye to departing Board members Thomas Hill (ON), Jean Saucier (QC) and Jerry Mazerolle (NB), to whom we are immensely grateful for their valuable contributions over their terms.

Based on the results of the first year of our five-year corporate plan, it is clear that the goals the Council set for itself in *Strengthening Connections* are ambitious but attainable. We take strength in how well the past year has demonstrated the relevance of the Council's leadership and look forward to accelerating the implementation of the large-scale change agenda already underway.



*Message from the
Director and CEO
Robert Sirman*

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Convergence, like synergy, is something every leader yearns for – moments in time when different interests come together and long-held ambitions can finally be realized. For the Canada Council, the past year was filled with such moments.

For several years the Council has been consciously laying the groundwork for deep change. In its strategic planning it stepped back from the minutiae of individual programs to focus on the relevance of its mandate at the local, national and international levels. It strengthened its governance and operating capacity to increase productivity at every level. It reframed its corporate communication to underline how a dynamic and creative arts sector brings value to the lives of Canadians.

The rationale behind these shifts is outlined in the Council's five-year strategic plan, *Strengthening Connections 2011-16*. As the dates suggest, full implementation of *Strengthening Connections* is now underway. Substantive reviews have been launched on a broad range of Council programs, including the Flying Squad program, the Public Lending Right program, and the operating grant programs that make up the lion's share of Council spending. The overriding objective of these reviews is to integrate the *why* and the *how* and the *what* of Council's programs with its bigger mandate, and to ensure that the strategies we use to enrich the lives of Canadians are as effective and measurable as possible.

Meantime, the Council's existing suite of programs continues to generate impressive results. Last year we invested \$157 million in some 1,900 communities across the country, connecting Canadians from coast to coast to coast to art and artists who stimulate and educate, challenge and entertain.

The Council used a number of anniversaries last year to raise public consciousness. The 75th anniversary of the Governor General's Literary Awards provided an opportunity to demonstrate how far Canadian literature has come since the awards were established in 1936. The 25th anniversary of the Public Lending Right program reinforced the value of compensating artists for the use of their work, including loans. The 40th anniversary of the Canada Council Art Bank shone a light on the blossoming of contemporary visual art in Canada, and the importance of national collections in contributing to a sense of shared heritage and identity.

During 2011-12 the Council participated fully in the government-wide deficit reduction action plan exercise, and welcomed at year-end the government's decision to maintain the Council's parliamentary appropriation at its current level for the next three years. It launched the next stage of its systems modernization process, including work on a major redesign of its web presence. It surpassed its year-over-year fiscal restraint targets while continuing to wrestle with the uncertainties of investment income in a time of extreme market volatility. And it launched an organization-wide consultative office design process in advance of moving to less costly accommodation in January 2014.

Behind all of this is our conviction that major changes are needed in how we work inside if we are to keep up with the seismic changes taking place outside. We have set our sights on addressing the imperative of sustainability – both organizational and sectoral – within a slow-growth or no-growth environment. Deep change is not without its risk, but the convergence we are experiencing within and beyond our sector offers great promise. Wherever artists are inspiring and engaging Canadians, wherever exciting, innovative art is taking place, there is almost certainly a connection to the Canada Council.

Robert Lerman



40 years of bringing contemporary art to Canadians

Right and bottom:
Open house
at the Canada
Council Art Bank,
in celebration of
Culture Days 2011.

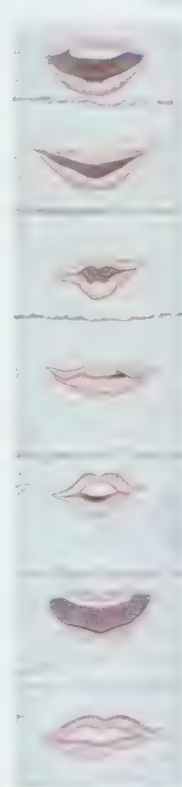
Far right: Joyce
Wieland, *Maple
Leaf Forever II*,
1972 (© National
Gallery of Canada),
represents
the first year of
the Art Bank in
the *Spotlight on
40* exhibition.



For 40 years, the Canada Council Art Bank has been collecting work by the best Canadian artists of our times. It has become the world's largest collection of contemporary Canadian art with over 17,000 paintings, prints, photographs and sculptures by some 3,000 artists. On any given day more than one-third of the collection is on view in public spaces and private organizations across Canada, through loans, art rentals and outreach programs.

But on September 30 – October 1, 2011, instead of bringing art to other venues, the Art Bank invited the public behind the scenes at its home base in Ottawa. Some 700 visitors explored the collection and framing areas, and many brought in personal artworks for appraisal and conservation advice. This open house event was held in conjunction with Culture Days, a national grassroots celebration of culture.

In March 2012, the Canada Council Art Bank launched its 40th anniversary celebrations. Each week until September, it's revealing 40 key works from the collection through social media (Twitter, Facebook, Flickr). The rollout culminates in an exhibition at the Art Bank on September 28-30 as part of the 2012 Culture Days celebrations. This is a unique opportunity to travel through 40 years of contemporary Canadian art... and discover a national collection.



Management's Discussion and Analysis

Management's Discussion and Analysis

The Canada Council for the Arts as a connector

The Canada Council for the Arts connects Canadians to the arts through the grants and services it provides. Its aim is to support a vital and diverse arts sector that enriches the lives of all Canadians. Its investments allow artists and arts organizations to build relationships with communities across Canada and internationally. The Canada Council bolsters the arts ecology through research, outreach, arts promotion and knowledge-sharing. As a convenor, it advances dialogue and practice by bringing people and organizations together.

In 2011-12, 2,013 artists and 2,220 arts organizations received funding for the creation, production and dissemination of artwork. In addition, 17,885 authors received \$9.9 million in Public Lending Right payments. The total Canada Council investment amounted to \$157.3 million (including \$3.1 million in prizes and fellowships). Funding was distributed to over 1,900 communities across Canada.

The total Canada Council investment amounted to \$157.3 million (including \$3.1 million in prizes and fellowships). Funding was distributed to over 1,900 communities across Canada

In addition to its professional staff, the Council benefits from the expertise and knowledge of the Canadian arts professionals who serve on its juries, or peer assessment committees. There were 666 peer assessors last year.

The Canada Council is a trusted deliverer of public investment in the arts. It has a healthy and mutually respectful relationship with the arts community and the public. It works in a highly consultative and responsive manner with grant recipients, other funders, government agencies and the broader arts sector.

Operating Environment

The current governmental context is one of fiscal restraint, as the Canadian economy remains relatively fragile and subject to international volatility. Other arts funders are seeing either budget decreases or very small increases, which in turn puts pressure on the arts community. The Canada Council's financial continuity and national perspective on the arts ecology are critical in ensuring that the arts sector can absorb these changes and minimize destabilization.

Canada's cultural participation figures are, in general, quite positive. Almost every Canadian 15 years of age or older participated in one of 18 arts, culture and heritage activities such as attending the theatre, purchasing books and visiting museums. Increasingly, audiences are engaging with the arts via the electronic media: for example, between 2005 and 2010, listening to downloaded music increased from 28.6% to 50.9%.¹ This reflects trends in the United States, and demonstrates the need to be forward-looking.

Year 1: Strengthening Connections, the Strategic and Corporate Plan



The Canada Council for the Arts has completed the first year of its strategic and corporate plan, *Strengthening Connections 2011-16*. The plan builds on the directions and themes of the 2008-11 strategic plan as core elements of its work, with three additional cross-cutting themes: public engagement, synergy and

new technologies. The Council focused in 2011-12 on strengthening its programs and services in order to deepen relationships among artists, stakeholders and the public. In addition, the Council continues to respond to the recommendations of the 2008 Special Examination by the Office of the Auditor General of Canada² by refining its overall program architecture. As part of this exercise, most arts discipline sections are undertaking program reviews and/or consolidations.

Direction 1: Individual artists

Canadian artists are at the centre of all of the Canada Council's activities. Through grants, payments, prizes and services, the Council advances their careers, supports risk-taking and exceptional achievements, fosters collaboration and provides the means to reach broader publics. Changes to programs respond to the evolving needs of artists, and allow the public greater opportunities to engage with artists. They also advance the priorities and values of the Council and respond to changes in artistic practices. The impact of these is being seen through support to innovation and greater international and domestic audience outreach.

For example, the Music Touring Grants program now supports combined international/domestic tours, responding to the realities of Canadian artists who frequently combine tours in the US and Canada. Following a program evaluation, the Assistance to Professional Canadian Contemporary Art Dealers (Visual Arts) program has been revised to encourage the development of new opportunities for the public to connect with the visual arts. The Audience and Market Development Office is reviewing its travel grants program in the same vein.

Direction 2: Arts organizations

The Canada Council has launched a process to review and revitalize its support to arts organizations, particularly its operating grant programs, to ensure its support remains relevant and enhances the conditions that will enable the arts to flourish. This process was begun in 2011-12 and will be implemented over the next two to three years.

The Flying Squad program, which provides development support to organizations, is undergoing a three-phase review. The first two phases are evaluative in nature, while the third seeks to chart a future course that will benefit the arts sector as a whole and that is well integrated with the overall approach to organizational support.

The Canada Council's Theatre Section is in the final stages of a major revision to its largest program, Operating Grants to Professional Theatre Organizations. Based on a comprehensive examination of the program and extensive

consultations with the community, the new program will be able to adapt assessment and support to different types of organizations in the theatre community. This will make it more relevant to the community's expansion from traditional creation and presentation models to a greater range of ways of working and reaching Canadians.

Media Arts strengthens connections



Consolidating programs is an approach to funding that has concrete results for the arts ecosystem and benefits audiences. In its second year, the Media Arts program for organizations, which contributes to building cooperation, dialogue and exchange, has shown amazing results. With its modified eligibility criteria, the program was able to help the short film festival, *Regard sur le court métrage* (Saguenay, Quebec), to pursue audience development opportunities, sustain remarkable growth and respond to the rapid technological changes in the media arts. Also, because the program encourages efforts to optimize investment for the benefit of the arts community, the Saskatchewan Filmpool Cooperative in Regina acquired cameras in partnership with two other organizations: Paved Arts+New Media and Neutral Ground. This story of collaboration and exchange has been repeated in regions across the country.

Photo: The Improvised Film activity of *Regard sur le court métrage* invites the public to set the parameters of a filmmaker's work. In 2012, Rafaël Ouellet took up the challenge.

Photo: Fabrice Tremblay

In its second year, the revised Media Arts program of support for organizations provides measurable outcomes. The changes allow organizations to take risks, expand their programming into new areas and develop a culture of shared resources to enhance production and engagement with citizens. Writing and Publishing has expanded eligibility in certain programs to reach new clients and allow for more stability, while Music has consolidated its programs for organizations in order to be more cohesive. Further, the Inter-Arts Office has made its programs for organizational support more flexible and the Audience and Market Development Office revised its operating grants program to clearly define and reinforce the role that agents and managers play in the performing arts milieu. The Dance Section consolidated support to presenters and festivals to streamline applications and enhance the national impact of the program.

Direction 3: Equity

The Canada Council's work in fulfilling its long-standing commitment to equity is advancing. The internal Equity Framework is almost complete and will provide Council staff and leadership with a comprehensive overview of equity policies and practice. Furthermore, *Expanding the Arts: Deaf and Disability Arts, Access and Equality Strategy* was launched in 2011, broadening the Council's support and understanding of this area. One critical element being implemented is "access support," a supplement provided to successful grant recipients who are Deaf or have disabilities and who identify specific access supports related to barriers faced in their proposed activities and/or as part of travel. The Council continues to reach out to underserved communities through grant-writing workshops and other sessions.

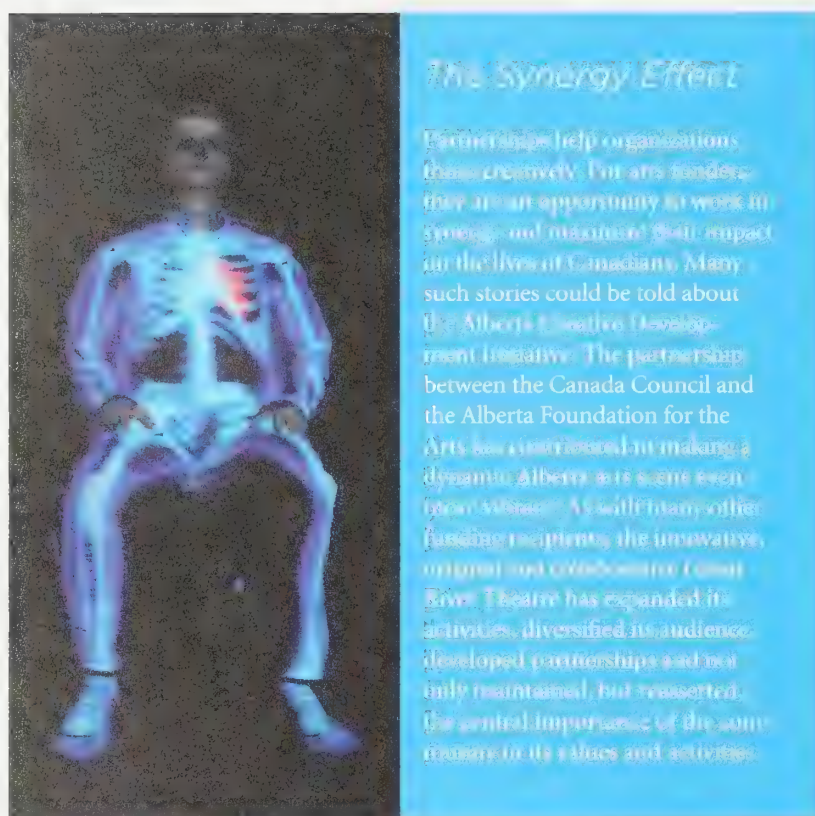
The Equity Office has consolidated its programs from four to three, and extended its long-term impact and investment by introducing three-year funding commitments. It has also expanded eligibility criteria to include Deaf and disability arts organizations, resulting in funding to 48 culturally-diverse arts organizations and 17 new Deaf and disability arts organizations.

The four-year initiative to expose Canadian Aboriginal visual arts curators to international art markets and events ended in 2011-12. This initiative involving 12 curators was an important networking opportunity and led to a number of curatorial partnerships. Several research studies into Aboriginal art and languages were concluded and published on the Council website, furthering knowledge-exchange.

The Canada Council contributed to two major gatherings of artists and arts organizations in the two Official Language Minority Communities (OLMCs), while continuing

to support these communities through targeted funds and regular programs. In 2011, the Council released its five-year Action Plan for the Implementation of Section 41 of the *Official Languages Act*. The Council was highly assessed by the Office of the Commissioner of Official Languages for its implementation of the Act, in particular its work with OLMCs.

The Canada Council is deepening links with the Nunavut arts community as part of its ongoing strategy to better organize and represent artists and arts organizations and to encourage mentorship and learning opportunities. It is working to align programs with those of other arts funders in the territory through tri-level meetings and consultations. It also helped the Canadian Crafts Federation hold its annual board meeting in Iqaluit in order to strengthen ties with the Nunavut Arts and Crafts Association.



French Canadian Heritage asked the Canada Council to organize the event in Canada at Les Jeux de la Francophonie



Direction 4: Partnerships

The Canada Council has been working in partnership with other organizations and levels of government since its founding. For the past few years, it has deepened its knowledge and capacity to connect with others to achieve meaningful results and to reinforce the impact of its work.

The Canada Council provides the Secretariat for the Canadian Public Arts Funders (CPAFTM). This dynamic network held a number of effective professional development events for staff and executive directors in the past year. It also published on the digital transition in the arts, equity in the arts ecology and adaptation in times of rapid change. The tri-level meetings, which regroup municipal, provincial and federal funders as well as foundations, have led to several cooperative projects and strategic partnership agreements (most recently in Northern Canada) that address issues of equity and access. Increasingly, the Council implements its outreach activities jointly with other funders, which provides a broad overview of funding opportunities for artists.

The Council also hosts the Canadian Arts Data / Données sur les arts au Canada (CADAC) Secretariat.¹⁴ CADAC continues to grow both in scope and impact. It currently has 11 core members which include the Council, six provinces and four municipalities. A total of 1,850 arts organizations are registered in the web-based system (half are Council-funded). CADAC has now completed its third year of operation, allowing much more consistent and comprehensive reporting of financial data from arts organizations in Canada.

The Canada Council is increasingly being asked to share its knowledge of artistic practice and expertise in peer assessment with other organizations: for example, the Council managed, at the request of the Department of Canadian Heritage, the assessment process for Canada's artist delegation to Les Jeux de la Francophonie in Nice, France in 2013.

The Council is also building better relations between the public and private sectors through a partnership with Business for the Arts that is focused on dialogue, knowledge-development and information-sharing. There have also been partnerships with private foundations such as Musagetes and Creative Trust and with public and non-profit institutions such as the National Arts Centre, the Royal Architectural Institute of Canada and the Canadian Broadcasting Corporation, all to advance public engagement and support innovation in the arts.

The Canada Council has been working in partnership with other organizations and levels of government to achieve meaningful results and to reinforce the impact of its work.¹⁵

Aimed at supporting the development of professional artists and arts organizations in Alberta, the successful Alberta Creative Development Initiative (ACDI) concluded in 2011-12. Over the five years of the partnership with the Alberta Foundation for the Arts, nearly \$8 million were invested in the Alberta arts community in all artistic disciplines, for a total of 621 grants. The ACDI was an unprecedented partnership model at Council and helped to develop the capacity of the Alberta arts community.

Direction 5: Organizational development

In order to remain an efficient and effective organization, the Canada Council continues to strengthen its processes and policies, including on governance.

The Canada Council is modernizing its operations to provide the highest level of service to the arts community and to maximize public investment. It is beginning to work towards a comprehensive modernization of all its systems, including its grant management system, website and communications tools. These are to be complemented by a results toolkit, including a performance measurement framework, the tracking of notable grant results and more intensive use of final reports. This will help to bridge the gap between anecdotal evidence and measurable data, and will provide the Council with better information and avenues for communicating with the arts community and stakeholders and for promoting the arts to the public.

"The Canada Council is modernizing its operations to provide the highest level of service to the arts community and to maximize public investment."

Given the environment of fiscal restraint, the Canada Council continues to seek efficiencies and more appropriate ways of doing business. In this light, it will be moving its physical location to a new LEED Gold standard building in early 2014, which will result in significant savings due to lower rent and more efficient and environmentally-friendly operations. This new building will also give the Council greater visibility within the National Capital Region, connecting it with the community in which it operates.

Overlying themes

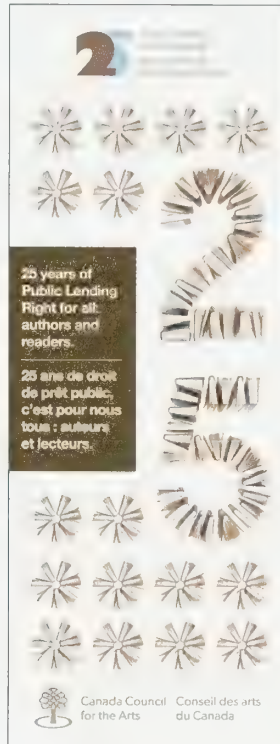
The Canada Council's work on the five strategic directions is overlaid with three themes identified through wide community consultation: public engagement, synergy and new technologies. As is clear from the activities detailed above, many ongoing strategies incorporate all three themes.

Public engagement allows Canadians to broaden and deepen their relationship with the arts. The Council's funding to artists and arts organizations is a motor for connection in their own communities, nationally and internationally, through touring and other dissemination activities. The majority of the program changes and reviews listed above help to underscore these activities.

Special projects such as the Dance Mapping Project are building greater awareness of the wide diversity of public participation in the arts. The Council is the primary funder of an innovative two-year national study led by CAPACOA (Canadian Arts Presenting Association) designed to identify, understand and communicate the value and benefits of performing arts presentation for Canadians. The Council was a catalyst in the early support for Culture Days/Fête de la culture, and continues to participate through public activities at the Canada Council Art Bank. The Canada Council is also looking at the role it

plays in engaging with the public through a special focus on this issue by its Board of Directors.

This past year marked the anniversaries of three exceptional Canada Council programs that reach the public in extraordinary ways. The Canada Council Art Bank launched its 40th anniversary with an online gallery of works from each year of the Art Bank's existence. The



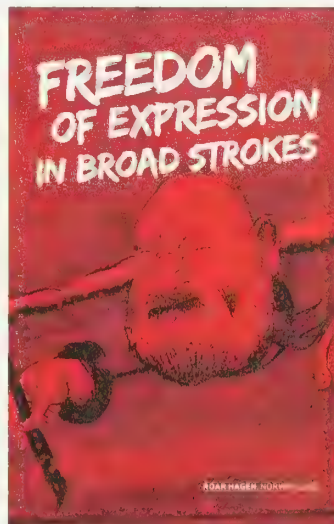
Public Lending Right program^y celebrated its 25th year with special events organized with various authors' associations and a partnership for students with the Canadian Commission for UNESCO,^{vi} the Canadian Teachers' Federation and Indigo Books and Music. Finally, the Governor General's Literary Awards celebrated its 75th anniversary with social media initiatives and new strategic partnerships which raised awareness of the awards and reached millions of Canadians.

The Council's work to expand the visibility and impact of its prizes and fellowships (prize presentations, promotional activities, new social media initiatives) supports artists at different

stages in their careers. It is also tracking the career impact of major awards such as Musical Instrument Bank loans to young musicians.

The Council has launched an overarching branding and communications strategy. It is focused on targeted opportunities that promote public engagement, reach out to new and underserved communities and maximize resources. These include enhanced web capabilities, corporate branding, the launch of a Council blog, adoption of social media platforms and video production.

The Canadian Commission for UNESCO operates under the general authority of the Canada Council. Its role is to

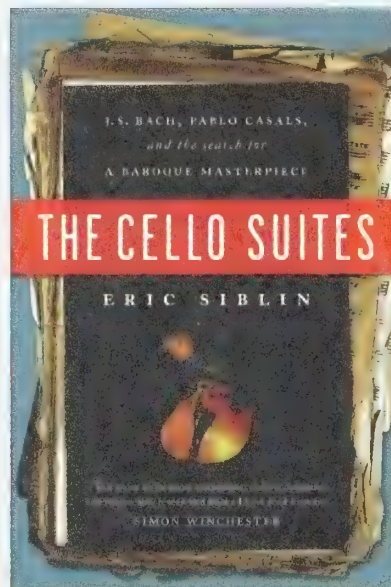


involve government departments and agencies, institutions, organizations and individuals in Canada working for the advancement of education, science, culture, communication and information in UNESCO activities in Canada. Among many activities, the Commission continues to support the Canadian Arts & Learning Network, which focused a recent symposium on creative communities for

Poster for a travelling exhibition of editorial cartoons, organized by the Canadian Commission for UNESCO and the Canadian Committee for World Press Freedom.



quay of Editions Alto and CBC
l's Translation Rights Fair



children and youth and also sponsored a touring exhibit of editorial cartoons highlighting the principle of freedom of expression. The Commission also undertook a video project in partnership with the Independent Media Arts Alliance, the National Indigenous Media Art Coalition and the Council's Media Arts Section. Media arts production centres worked with youth across Canada to create short videos celebrating dialogue and mutual understanding during the International Year of Youth (2010-11).

The Council is strengthening *synergy* both through its internal processes and through its relationships with stakeholders. The Council works collaboratively on everything from program reviews to policy development. It works closely with National Arts Service Organizations (NASOs), for example, in deepening understanding of arts practices. The annual meeting with NASOs is increasingly focused on how they can work more effectively with each other and with the Council. Notably, the Council is working with the Association of Canadian Choral Communities to map choral activity in the country and with a number of dance service organizations and other funders to undertake the aforementioned Dance Mapping Project. It partnered with Canadian Heritage and the Fédération culturelle

canadienne-française to commission a portrait of the arts ecosystem in Francophone Canada. It also partnered with federal and provincial funders to support a public engagement project with the Atlantic Presenters' Association.

The Council also convenes artists in different disciplines to further their practices: for example, it partnered with the Conseil des arts et des lettres du Québec in May 2011 on a forum on literary creation that brought together 200 writers and others to discuss changes within the sector, such as the digitization, new methods of creative production and outreach. This will feed into a larger process looking at greater flexibility in support to writers.

Synergy is further supported through targeted activities such as the Translation Rights Fair – in its second year – which encourages book publishers to translate books in either official language, building bridges between two literary worlds.

Synergy is fostered with other funders through the Council's leadership role in multiple networks and partnerships. It is a co-founder of the International Federation of Arts Councils and Cultural Agencies and is currently represented on the board by its Director/CEO.

The Council is focused on *new technologies* to ensure that the arts sector leads the transition to a digital society, and is adjusting programs to respond to new ways of working.

The Council is looking at its own operations as a key service to advance the arts sector, making itself more adaptable and flexible. It will implement a new tool to replace its aging granting software. This new tool will ensure a more adaptable system, greater ease in online grant applications and more detailed reporting information with a better capacity to demonstrate results. The Council is using new technologies such as videos in sign language and Inuktitut to reach artists and arts organizations facing barriers. It has also launched mobile apps to facilitate access to grant information.

Year one of *Strengthening Connections*, the Canada Council's 2011-16 strategic and corporate plan, has laid solid groundwork for the following four years. By focusing on collaboration, adaptability and responsiveness to promote public engagement, foster synergy and adapt to new technologies, the implementation of Council's ambitious agenda is well underway.

'By focusing on collaboration, adaptability and responsiveness to promote public engagement, foster synergy and adapt to new technologies, the implementation of Council's ambitious agenda is well underway'

For notes, see page 27.

Index on the Arts

609,000

people employed in the arts and culture sector (Statistics Canada 2006)

0.08%

Canada Council appropriation as percentage of total federal government spending (2008-09)

1,904

communities in Canada in which grants, prizes, and Public Lending Right payments were awarded (2011-12)

90%

percentage of Canadians who feel that live performance spaces in their communities contribute to their quality of life (Canadian Heritage 2007)

86%

percentage of Canadians who attended at least one type of arts or cultural event or activity in 2007 (Canadian Heritage 2007)

\$5.25

annual cost of the Canada Council per Canadian (2011-12)

\$157.3 million

Canada Council direct investment in the arts (2011-12)

\$45.9 billion

impact of arts and culture industries on the Canadian economy (Statistics Canada 2011)

5,843

number of activities held on 2011 Culture Days, Journées de la culture in Quebec and Alberta Arts Days in nearly 800 communities nationwide (Culture Days 2011 Report)

\$22,700

average annual income of an artist; national average annual income of the overall labour force is \$36,300 (2006 census data)

Corporate Scorecard

Canada Council at a glance

Canada Council at a glance	2011-12		2010-11	
	('000s)		('000s)	
PARLIAMENTARY APPROPRIATION	\$	180,958	\$	181,277
GRANTS, PRIZES AND PAYMENTS				
Arts programs	\$	144,245	\$	141,363
Public Lending Right payments	\$	9,941	\$	9,908
Prizes and fellowships	\$	3,118	\$	3,261
Total	\$	157,304	\$	154,532
GRANT APPLICATIONS				
Individual artists		9,219		9,194
Arts organizations		6,475		6,249
Total		15,694		15,443
Applications received via GO! Grants Online (included in total above)		3,201		3,128
GRANTS AWARDED				
Individual artists ¹		2,256		2,291
Arts organizations ²		3,780		3,807
Total		6,036		6,098
Communities in which the grants were awarded ³		634		634
FIRST-TIME APPLICANTS (INDIVIDUAL ARTISTS AND ARTS ORGANIZATIONS)				
First-time applicants		3,590		3,203
Communities where they live or are located		681		620
First-time recipients		1,110		1,114
PEER ASSESSORS				
Peer assessors		666		721
Communities where they live		181		169
First-time peer assessors		298		295
CANADA COUNCIL ART BANK				
Works in collection and appraised value of works	17,526	\$ 71,084	17,512	\$ 71,108
Works in circulation and rental income	4,212	\$ 1,715	5,156	\$ 1,916
CANADA COUNCIL MUSICAL INSTRUMENT BANK				
Loans/donations to the Musical Instrument Bank and insured value of instruments	17	\$ 28,000	16	\$ 27,251
CANADIAN COMMISSION FOR UNESCO				
UNESCO-related events in which Commission participated	39		47	

For comparative purposes, all figures are based upon information as at June 1, or the next business day, of each fiscal year except in some cases where figures rely on data from final reports of the grants. As a result of changes in methodology, figures in this corporate scorecard are not necessarily comparable to figures in previous years' presentations.

1. An individual artist may receive more than one grant in a given year. For example, an individual artist may receive a project grant and a travel grant.
2. An arts organization may receive more than one grant in a given year. For example, an arts organization may receive a project grant and an operating grant.
3. This figure includes 515 communities in Canada and 119 international communities in 2011-12 (Canadian artists residing outside Canada and international publishers and co-producers).

Direction 1: Individual Artists

Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.

	2011-12		2010-11	
	('000s)		('000s)	
SUPPORT TO INDIVIDUAL ARTISTS (RECIPIENTS/FUNDING)	20,143	\$ 35,226	19,740	\$ 34,534
GRANTS TO INDIVIDUAL ARTISTS¹				
Support for creation and production activities	1,170	\$ 19,699	1,141	\$ 18,903
Support for dissemination activities	142	\$ 1,105	156	\$ 1,269
Travel grants to professional artists	817	\$ 1,067	854	\$ 1,144
Total	2,013	\$ 21,871	2,031	\$ 21,316
PUBLIC LENDING RIGHT PROGRAM				
Canadian authors receiving payments	17,885	\$ 9,941	17,487	\$ 9,908
Communities where they live (in Canada)	1,809		1,783	
Communities where they live (outside Canada)	370		365	
CELEBRATING EXCEPTIONAL ACHIEVEMENT THROUGH PRIZES AND FELLOWSHIPS				
Prize and fellowship recipients	193	\$ 3,118	201	\$ 3,261
ART BANK PURCHASE PROGRAM	52	\$ 305	21	\$ 68
STRATEGIES AND PROGRAM INITIATIVES (RECIPIENTS/FUNDING)				
(Figures included in totals above)				
Multi-year project support to individual artists	40	\$ 1,601	43	\$ 1,756
Support for residencies and commissioning	37	\$ 530	39	\$ 513
Touring grants (music, dance, theatre only)	26	\$ 360	31	\$ 324
Support to artists and community collaborations	12	\$ 142	7	\$ 148
HONORARIA AND READING FEES FOR MEMBERS OF PEER ASSESSMENT AND ADVISORY COMMITTEES				
Peer assessment committees – honoraria		\$ 723		\$ 840
Peer assessment committees – file reading fees		\$ 523		\$ 536
Advisory committees		\$ 41		\$ 68
Total		\$ 1,287		\$ 1,444

Direction 2: Arts Organizations

Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country.

	2011-12		2010-11	
	('000s)		('000s)	
SUPPORT TO ORGANIZATIONS (RECIPIENTS/FUNDING)²	2,220	\$ 122,582	2,250	\$ 120,258
OPERATING SUPPORT TO ORGANIZATIONS				
Annual	479	\$ 23,600	371	\$ 15,988
Multi-year	572	\$ 71,227	647	\$ 75,437
Total		\$ 94,827		\$ 91,425
PROJECT SUPPORT TO ORGANIZATIONS				
Annual	1,678	\$ 24,574	1,749	\$ 26,833
Multi-year	113	\$ 3,181	53	\$ 2,000
Total		\$ 27,755		\$ 28,833
STRATEGIES AND PROGRAM INITIATIVES (RECIPIENTS/FUNDING)				
(Figures included in totals above)				
Support for dissemination activities	1,253	\$ 19,703	1,347	\$ 23,292
Touring grants (music, dance, theatre only)	146	\$ 3,156	138	\$ 3,444
Flying Squad and Flying Eagle Support	226	\$ 1,395	223	\$ 1,420
Support for residencies and commissioning	80	\$ 952	83	\$ 1,093
Support to artists and community collaborations	65	\$ 946	56	\$ 827

Direction 3: Equity

Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations.

SUPPORT TO ARTISTS AND ARTS ORGANIZATIONS FROM ABORIGINAL COMMUNITIES (RECIPIENTS/FUNDING)

	2011-12		2010-11	
	('000s)		('000s)	
Support to Aboriginal artists	170	\$ 1,853	191	\$ 2,079
Operating support to Aboriginal arts organizations	20	\$ 1,288	21	\$ 1,363
Project support to Aboriginal arts organizations	90	\$ 2,401	100	\$ 2,797
Total ¹	265	\$ 5,542	295	\$ 6,239

SUPPORT TO ARTISTS AND ARTS ORGANIZATIONS FROM CULTURALLY DIVERSE COMMUNITIES (RECIPIENTS/FUNDING)²

Support to culturally diverse artists	286	\$ 3,235	321	\$ 3,421
Operating support to culturally diverse arts organizations	45	\$ 2,836	42	\$ 2,431
Project support to culturally diverse arts organizations	123	\$ 2,720	122	\$ 3,456
Total ¹	429	\$ 8,791	456	\$ 9,308

SUPPORT TO ARTISTS AND ORGANIZATIONS FROM DEAF AND DISABILITY ARTS COMMUNITIES (RECIPIENTS/FUNDING)²

Support to artists who are Deaf or with disabilities	31	\$ 468	..	\$..
Operating support to Deaf and disability arts organizations	3	\$ 85	..	\$..
Project support to Deaf and disability arts organizations	20	\$ 594	..	\$..
Total ¹	53	\$ 1,147	..	\$..

SUPPORT TO ARTISTS AND ARTS ORGANIZATIONS FROM OFFICIAL LANGUAGE MINORITY COMMUNITIES³ (RECIPIENTS/FUNDING)

Support to artists from official language minority communities	315	\$ 3,101	320	\$ 2,725
Operating support to arts organizations from official language minority arts communities	71	\$ 4,167	65	\$ 3,999
Project support to arts organizations from official language minority communities	136	\$ 2,068	141	\$ 2,090
Total ¹	484	\$ 9,336	483	\$ 8,814

1. An individual artist may receive more than one grant in a given year. For example, an individual artist may receive a project grant and a travel grant. An arts organization may receive more than one grant in a given year. For example, an arts organization may receive a project grant and an operating grant.

2. In 2011-12, the Equity Office expanded the eligibility criteria of the Capacity Building Initiative to include applicants from Deaf and disability arts communities. Prior to 2011-12, the Capacity Building Initiative was designated exclusively to applicants from culturally diverse arts communities. This change in eligibility resulted in the allocation of approximately \$470,000 to successful applicants from Deaf and disability arts communities.

3. Support for artists and arts organizations working in official language communities is calculated on the basis of data collected a different way than that of the three preceding equity groups. Any comparison between the different groups would therefore not necessarily be accurate.

Direction 4: Partnership

Make partnerships with other organizations a key element in the Council's approach to advancing its mandate.

Alberta Creative Development Initiative (ACDI) (recipients/funding)¹

2011-12

('000s)

75 \$ 999

2010-11

('000s)

82 \$ 1,116

CADAC: CANADIAN ARTS DATA / DONNÉES SUR LES ARTS AU CANADA

Contribution towards a web-based system to allow the Canada Council and other public funders to collect and share common financial and statistical data on Canadian arts organizations.

\$ 183

\$ 159

Direction 5: The Council's Organizational Development

Enhance the Council's capacity to support the arts and implement change by strengthening its structure, staffing and services.

STAFFING AND SERVICES

Employees	239	239
Professional development and training costs per employee	\$ 770	\$ 976
Number of employee-trips outside the National Capital Region (including outreach sessions and workshops)	673	748
Communities visited by employees	76	93

CANADA COUNCIL WEBSITE TRAFFIC (IN THOUSANDS)

Page views per year	6,804	6,865
Visits per year	1,271	1,363
Unique visitors	638	698

1. The Alberta Creative Development Initiative (ACDI) was a time-limited program designed to support the development of the arts in Alberta. It was a partnership between the Alberta Foundation for the Arts and the Canada Council for the Arts in collaboration with the Calgary Arts Development Authority and the Edmonton Arts Council. Administered by the Canada Council, it was launched in 2007-08 as a 3-year program and was renewed for an additional year (2010-11), then again for a final year (2011-12). The Canada Council and the Alberta Foundation for the Arts each contributed \$1,000,000 annually to ACDI for the first 3 years of the program (2007-2010) and each contributed a further \$500,000 annually for the last 2 years of the program (2010-2012) for a total of almost \$8,000,000 in grants over 5 years. Overall, 1,868 grant applications were assessed and 602 grants were awarded to artists and arts organizations in Alberta.

Financial Overview

Highlights

The Council receives an annual appropriation from Parliament which, for the year ended March 31, 2012, was \$181 million, \$0.3 million less than in 2010-11. This minor change relates primarily to lesser funding used for the National Translation Program that the Council operates on behalf of the Department of Canadian Heritage under a Memorandum of Agreement. Only similar minor changes are anticipated for 2012-13, as, on March 29, 2012, the government tabled Budget 2012 which included its Deficit Reduction Action Plan and which confirmed that, unlike most other government departments and agencies, the Council's appropriation was not affected and there were no mandatory changes to Council's programs and activities. The Council continues to review its programs, their means of delivery and its supporting activities to ensure that they remain relevant to Canadians. All related savings realized will be reinvested into the arts sector.

The Council's net financial result for the year ended March 31, 2012 is a deficit from operations of \$6.4 million in comparison to a budgeted net return of \$142,000 and a loss of \$46.7 million for 2010-11. The major item affecting the result is the \$5.8 million net investment income shortfall to budget (a loss of \$36.9 million and a budget shortfall of \$48.3 million in 2010-11). During the year, the Board approved spending a net \$2.5 million on grants using balances held in the Council's accumulated surplus for this purpose. Excluding the impact of this carry-forward spending and the investment income shortfall, the Council had a net positive return on operations of \$1.9 million.

The Council believes that net investment returns will improve in future years. Nevertheless, markets and world economic conditions remain uncertain. An important outcome is that the Council has adjusted downwards its Expenditure Policy for the use of invested funds and will budget \$1.2 million less in investment income available for use in operations for the next several years.

During the year, net expenses other than grants were subject to the government's requirement to exercise fiscal restraint and could not exceed those of the prior year. For 2011-12 these net expenses were \$37.1 million in comparison to \$38.4 million for 2010-11.

In 2011-12, the Endowment and Special Funds and the Killam Funds had positive one-year returns of 2.1% (5.9% in 2010-11) and 1.7% (6.2% in 2010-11) respectively. The investment portfolios continued to be affected by the varying recovery of world and Canadian equity markets and economies from the significant decline that occurred during the 2008-09 global economic slowdown. As at March 31, 2012, the fair value of the Council's investments was \$270.5 million, a decrease of \$8.7 million over the prior year. The extent and timing of changes in fair value, however, varies by investment and the Council annually tests each investment instrument for impairment. During the

year the Council determined that all specific investment declines in fair value were not other than temporary and accordingly did not recognize impairment in their carrying value (an impairment of \$58.9 million was recognized in 2010-11).

The Council has collective agreements with two bargaining units of the Public Service Alliance of Canada. Both agreements expired on July 1, 2011. In November 2011 the parties reached agreement on a new unified contract for the three-year period ending June 30, 2014. Although the Council is not part of the core public service and is not subject to related Treasury Board requirements or direction, the financial terms of the Council's new agreement are consistent with those desired by the government for the core public service.

During the year, following Board approval, the Council entered into an agreement with Morguard Investments Limited to lease space for a period of 20 years in a new building to be constructed at 150 Elgin Street Ottawa. Occupancy is scheduled for January 1, 2014 and the Council will be the building's anchor tenant. The building will be LEED Gold certified. The net effect of the use of new technology, modern construction techniques, favorable interest rates, joint-fit-up collaboration with the landlord and a reduced environmental footprint is a cost saving to the Council such that it will take five years for ongoing accommodation costs to reach the 2011-12 level. The Council also has underway significant changes to its suite of information systems. When implemented over the next three years, these and other changes relating to its programs will transform the Council's manner of operation while reducing costs.

In 2011, the Council also established a risk appetite statement in order to provide a qualitative description of its approach to accepting risk in the management of its business. This statement was approved by the Board of Directors at its January 2012 meeting. The statement acknowledges that the Council has low appetite for risks that could negatively impact the rigor and transparency of its granting processes, given that this is foundational to the legitimacy of the Council's mandate. Similarly, the Council has a low appetite to undertake financial risks that would negatively impact its cost-effectiveness and investment performance, given the critical importance of appropriately managing financial resources to the Council's ability to provide funding and support to the arts community. With regards to the suite of funding programs and support to the arts community, the Council has a low appetite for risks that would hinder its ability to be flexible and responsive to changes in the arts ecology and economic conditions and a low appetite for risks that would adversely affect support of the arts infrastructure in Canada. That notwithstanding, the Council has a high appetite for artistic risk. Notably, the Council maintains a high appetite for risks related to the its support of artistic aspirations, creativity and innovation as this is essential to the development and evolution of a vital and diverse arts sector that enriches the lives of all Canadians.

In past years the Council presented its financial statements applying the standards of the Handbook of the Canadian Institute of Chartered Accountants (CICA). The CICA has replaced these standards with a series of new stan-

dards varying by type of enterprise of which those of the Public Sector Accounting Board were determined to be appropriate to the Council. The Council adopted the new accounting framework, applying Public Sector Accounting Standards (PSAS), effective April 1, 2011. The transition to PSAS involved the redetermination, revision and re-establishment of accounting policies and the resolution of several significant accounting issues. The changes made to the financial statements are disclosed in Note 2 to the financial statement which sets out significant matters relating to this transition and reconciles account balances and transactions from the previous accounting framework to the current method of presentation.

As a result of changes to the *Financial Administration Act*, effective April 1, 2011, the Council is required to provide financial statements to the Government of Canada within 60 days of the end of each fiscal quarter. Those unaudited quarterly financial statements, the first ever for the Council, were publicly disclosed on the Council's website.

2011-12 was the first year of the Council's Strategic Plan 2011-16. The Council continued to deliver against the strategic directions and themes identified in the plan while undertaking preparations consistent with the continued exercise of fiscal restraint and potential future resource reallocation.

This narrative discussion contains "forward-looking statements" that reflect management's expectations regarding the Council's results of operations. These statements are not facts but only estimates based on information and assumptions that are currently available to, or made by, management but which are subject to a number of risks and uncertainties and may prove to be incorrect. Accordingly, readers are cautioned not to place undue reliance on the "forward-looking statements."

SUMMARY FINANCIAL POSITION AS AT MARCH 31

<i>(in thousands of dollars)</i>	2012	2011	2010 ¹
Total financial assets	\$ 272,855	\$ 282,267	\$ 275,485
Total liabilities	62,771	65,655	63,550
Net financial assets	210,084	216,612	211,935
Non-financial assets	2,430	3,040	2,869
Accumulated surplus	\$ 212,514	\$ 219,652	\$ 214,804

¹ As at April 1, 2010

SUMMARY STATEMENT OF OPERATIONS FOR THE YEARS ENDED MARCH 31

<i>(in thousands of dollars)</i>	Budget 2012	Actual 2012	Actual 2011 ¹
Total revenue	\$ 193,929	\$ 187,939	\$ 146,246
Total expenses	193,787	194,399	192,898
Annual surplus (deficit)			
from operations	\$ 142	\$ (6,460)	\$ (46,652)

¹ Comparative results for 2010 not provided as they were prepared under a different accounting framework

Financial Position

Financial Assets

As at March 31, 2012, total financial assets were \$272.9 million, a decrease of \$9.4 million over the previous year. Financial assets include both those assets that in the normal course of operations are expected to be converted into cash or expensed within the next year and portfolio investments in financial instruments. Cash equivalents represent the temporary investment of the Council's excess daily cash requirements in a short-term pooled fund managed by a professional money manager. The Council's current liability for bank indebtedness at March 31, 2012 was \$1.6 million in comparison to \$2.6 million at March 31, 2011.

As at March 31, 2012, the fair value of the Council's investments was \$270.5 million, a decrease of \$8.7 million over the prior year. The extent and timing of changes in fair value, however, varies by investment.

Annually, as required by PSAS, the Council assesses each of its investment instruments against specific criteria to determine whether there is evidence that the carrying value may not be recovered and is therefore impaired. A significant or prolonged decline in the fair value of an investment below its cost is objective evidence of impairment and must be recognized when it is considered other than temporary. While the Council invests to obtain returns over the long term using a 10-year time horizon and allocates and structures its investments accordingly, other factors, notably significantly shorter time frames, must be considered when assessing impairment. Therefore, the Council considers a significant decline in value lasting three years to be prolonged and to be other than temporary if there is not objective indication of probable recovery within the subsequent year. During the year the Council determined that all specific investment declines in fair value were not other than temporary and accordingly did not recognize impairment in their carrying value (an impairment of \$58.9 million was recognized in 2010-11).

The Council invests in units of pooled funds that are managed by professional money managers. The Council's investments are guided by a Statement of Investment Policies and Goals, which is approved by the Board and available from the Council. The objectives of the portfolio are to generate long-term real returns to supplement the parliamentary appropriation and to support the fellowships and prizes for the Killam Funds and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Funds and Special Funds represent contributions from non-owners that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Funds are required to be maintained in a separate investment portfolio that is consolidated for reporting purposes. The Special Funds are included with the Council's investment portfolio; a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time each contribution was received.

In January 2012, the Board approved adjustments to the asset mix policy and as at March 31, 2012 the Council had completed the re-balancing of the portfolio. The adjust-

ment increased the allocation to Canadian equities by 5% and correspondingly reduced the Global equities allocation. The Statement of Investment Policies and Goals allows for a grace period of six months for the rebalancing of the asset classes to the benchmark.

An Investment Committee, composed of independent experts with experience in both the investment field and the asset classes in which the Council invest, assists in the oversight and management of the portfolio. Council Board members sit on the Investment Committee. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work.

The Investment Committee reviews the Council's investment policy annually, and, as considered necessary and appropriate, recommends adjustments to the asset mix and to the diversification of the portfolio management structure. During the year, the Investment Committee assessed the effect of implementation of the policy on the portfolio at each meeting through obtaining regular updates from investment managers and a review of the portfolio's performance with the investment consultant. The table below shows the actual comparative asset mix as well as the asset mix targets for the portfolio.

INVESTMENT *Asset Mix 2011-12 Asset Mix 2010-11*

	Actual Target		Actual Target	
Canadian equities	10%	10%	6%	5%
Global equities	36%	35%	43%	40%
Canadian fixed income	34%	35%	31%	35%
Alternatives	10%	10%	10%	10%
Real estate	4%	5%	4%	5%
Infrastructure	3%	5%	3%	5%
Money market	3%	0%	3%	0%

The Investment Committee monitors closely the level of risk within the portfolio. For the four years ending March 31, 2012, total fund return was -1.1% in comparison to a benchmark return for a portfolio of similar mix of 2.5%. For the same period the risk, as measured by the standard deviation of quarterly returns, was 10.5% for the fund compared to 10.2% for the benchmark. Both the benchmark and Council's investments were in the second quartile in comparison to peers while the levels of risk were relatively high. Overall the risk levels indicate that Council's investments should outperform in times of market appreciation and over the longer term. However, this expectation varies with specific investments, their managers and investment strategies. During the year the Investment Committee undertook a review of its asset allocation strategies and the desired levels of risk and committed to revisit both annually.

During the year, the Council realized net capital losses of \$8.2 million from the sale of a portion of its investment portfolio but overall had a net investment income of \$5.3 million in comparison to a loss of \$36.9 million the previous year. This represents a \$5.8 million net investment income shortfall to budget (a budget shortfall of \$48.3 million in 2010-11). The various elements of net investment income are set out in Note 15 to the financial statements. In order to reduce the risk of currency exposure in

the portfolio, the Council tries to minimize the impact of changes in currency by hedging the non-Canadian portion of the portfolio, excluding emerging markets using a dynamic strategic hedging approach whereby the hedging by currency may range between 30% and 70% at a given point in time. The Council believes that net investment returns will improve in future years. Nevertheless, markets and world economic conditions remain uncertain. An important outcome is that the Council has adjusted its Expenditure Policy for the use of invested funds downwards and will budget \$1.2 million less in investment income made available for use in operations for the next several years. Gross interest and dividend income was \$13.7 million, a significant increase of \$8.2 million from the previous year and a positive indicator that the new investment income target is attainable.

Liabilities

As at March 31, 2012, the combined balance of liabilities was \$62.8 million, a decrease of \$2.9 million over the previous year. The major portion of this change is attributable to the \$2.7 million decrease in deferred revenues from externally restricted contributions from \$26.3M to \$23.6 million. This liability consists of accumulated income received which has been deferred until the resources for the purpose or purposes specified by the related endowments have been used. Further relevant information is disclosed in Note 11 to the financial statements. The original externally restricted endowment principal of \$37.6 million is required to be maintained intact and is reported under accumulated surplus (Note 14 to the financial statements), the endowment is in effect being treated as if it had been a revenue.

Other liabilities consist primarily of current liabilities that in the normal course of operations are expected to be paid within the next year and which have been included in the Council's expenses for 2011-12. They include the bank indebtedness, grants payable, accounts payable and accrued liabilities, derivatives, and deferred revenues. These deferrals pertain to Art Bank rental fees received in advance of their due date and the unamortized portion of the lease inducement received from the Council's landlord. Commencing January 2014, upon the move to the Council's new premises, the lease inducement value will increase by approximately \$5.5 million.

Liabilities also include employee future benefits, which represent the severance entitlements of the Council's employees and post-retirement benefits covering employees and retirees. As further disclosed in Note 10 to the financial statements the Council provided severance benefits to its employees based upon years of service and final salary. In accordance with the new collective agreement signed in February 2012, during 2012-13 these benefits will cease to accrue and employees will decide from several options regarding the timing and nature of the payout to them of the Council's obligation.

As set out in Note 5 to the financial statements, until 2010 the Council expensed annually the cost of the extended health benefits provided to retirees. The cost should have been measured by recognizing the change in the total value year-over-year of the future liability for these benefits. Consequently, the 2011 opening accumulated surplus

has been charged with \$1.3 million being the actuarially determined liability as at that date, and the 2011 salaries and benefits previously reported have been restated to recognize an additional expense of \$60,000.

Non-Financial Assets

Tangible capital assets include office equipment and leasehold improvements, which decreased by \$611,000 over the course of the year reflecting net declines in useful value of existing assets as represented by amortization. This asset category will increase in value in future years as the Council invests in the fit-up of its new premises and in new technology hardware, infrastructure and systems. Further information is set out in Note 12 to the financial statements.

The net change in prepaid expenses year-over year as at March 31 was minimal at approximately \$1,000.

Works of art and musical instruments appear on the Council's balance sheet at a nominal value of value of \$1. Previously, they were recorded at their historical acquisition cost which was \$20.7 million as at March 31, 2011. As a result of the conversion to PSAS, the Council decided between valuing these items either at \$1 similar to the collections of museums and galleries or at fair value similar to portfolio investments. The nominal valuation was chosen due to the difficulty in determining fair value each year for the entire collection.

The Council's Art Bank has the largest collection of contemporary Canadian art in Canada, with over 17,500 works, and rents these works of art to interested public and private sector organizations. The Art Bank reinvests any surplus from its operations in the acquisition of new works of art. The Council's Musical Instrument Bank owns or manages 16 historically-important, fine stringed instruments and a fine cello bow, which are loaned to gifted young musicians for three-year terms. Using a donation of funds from the Council's Edith Webb Endowment, in June 2011, the Council purchased a cello for \$500,000 which has been renamed the 1730 Newland Joannes Franciscus Celoniatius Cello and is now valued at \$750,000. Subsequent to the fiscal year end, in May 2012 an additional two violins were purchased using funds from the Webb Endowment. At March 31, 2012 the appraised value of the Council's works of art was approximately \$70 million and the appraised and insured value of its musical instruments was \$28 million.

Accumulated Surplus

ACCUMULATED SURPLUS CONSISTS OF THE FOLLOWING ELEMENTS AS AT MARCH 31:

<i>(in thousands of dollars)</i>	2012	2011
Accumulated Surplus		
Endowment –		
Original contribution	\$ 50,000	\$ 50,000
Endowment Principal – External		
restricted contributions	37,569	37,569
Reserve for excess		
investment income	118,445	121,445
Surplus	6,645	10,105
Total accumulated surplus		
from operations	\$ 212,659	\$ 219,119
Accumulated		
remeasurement losses	(145)	-
Accumulated other		
comprehensive income	-	533
Accumulated surplus balance	\$ 212,514	\$ 219,652

The \$50 million Endowment – Original contribution represents the remaining original government transfer in 1957 of endowments to enable the Council to be established. The externally-restricted endowment principal of \$37.6 million represents the original value of other endowment funds received by the Council over the years almost entirely from private individuals. By recording these values within accumulated surplus, the endowments, while held separate, are in effect being treated as if they had been revenues.

The Council's policy is that, in years when investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the surplus to the reserve for excess investment income, and, in years when investment income is less than the amount of net budgeted investment income, an amount may be transferred to the surplus from the reserve for excess investment income. The reserve for excess investment income was reduced by \$3 million during the year (a reduction of \$45.3 million in 2010-11 resulting from recognition of impairment in investments). This represents the greater portion of the amount that investment income was below budget and brings the surplus to the value mandated by the Council's policy. This transfer to surplus did not provide current year funds to the Council which was able to conduct its activities without requiring drawdown from the invested portfolio. The total reserve of \$118.4 million at March 31, 2012 represents the sum of excess investment income relating to the original endowment principal since the establishment of the Council.

Surplus in the amount of \$6.7 million includes unspent grant budgets of previous years that are carried forward for a known future use and a balance of uncommitted funds to allow for the smooth operation of the Council. During the year the Council transferred \$3 million to surplus from the reserve for excess investment income.

Accumulated other comprehensive income (AOCI) was recognized up until March 31, 2011 but, in accordance with PSAS ceased to exist after that date. For the Council, the remaining AOCI balance was transferred to the April 1, 2011 opening balance of the statement of remeasurement gains and losses. These are the accumulated unrealized gains and losses net of reclassification upon realization for changes in fair value of the Council's non-restricted portfolio investments. After reclassifications, at March 31, 2012 net unrealized losses from portfolio investments and derivative financial assets were \$145,000 (net gain of \$533,000 at March 31, 2011).

Previously, the final reserve of the equity account related to the recognition of an amount which equaled the cost of the Council's works of art and musical instruments. They are now valued at a nominal \$1. This recognizes that the ownership of works of art and musical instruments provides physical and social, rather than financial, capital to the Council.

Operations

SUMMARY STATEMENT OF OPERATIONS FOR THE YEARS ENDED MARCH 31

	Budget	Actual	Actual
(in thousands of dollars)	2012	2012	2011 ¹
Parliamentary appropriations	\$ 181,761	\$ 180,958	\$ 181,277
Net investment income	11,117	5,340	(36,942)
Other revenue	1,051	1,641	1,911
Total revenue	193,929	187,939	146,246
Programs	175,423	176,165	174,433
Canadian Commission for UNESCO	2,314	2,003	2,168
General administration	16,050	16,231	16,297
Total expenses	193,787	194,399	192,898
Annual surplus (deficit) from operations	\$ 142	\$ (6,460)	\$ (46,652)

¹ Comparative results for 2010 not provided as they were prepared under a different accounting framework

The Council's net financial result for the year is a deficit from operations of \$6.4 million in comparison to a budgeted net return of \$142,000 and a loss of \$46.7 million for 2010-11. The major item affecting the result is the \$5.8 million net investment income shortfall to budget (a loss of \$36.9 million and a budget shortfall of \$48.3 million in 2010-11). During the year, the Board approved spending a net \$2.5 million on grants using balances held in the Council's accumulated surplus for this purpose. Excluding the impact of this carry-forward spending and the investment income shortfall, the Council had a net positive return on operations of \$1.9 million.

The Council believes that net investment returns will improve in future years. Nevertheless, markets and world economic conditions remain uncertain. An important outcome is that the Council has adjusted its Expenditure

Policy for the use of invested funds downwards and will budget \$1.2 million less in investment income made available for use in operations for the next several years.

During the year, net expenses other than grants were subject to the government's requirement to exercise fiscal restraint and could not exceed those of the prior year. For 2011-12 these net expenses were \$37.1 million in comparison to \$38.4 million for 2010-11.

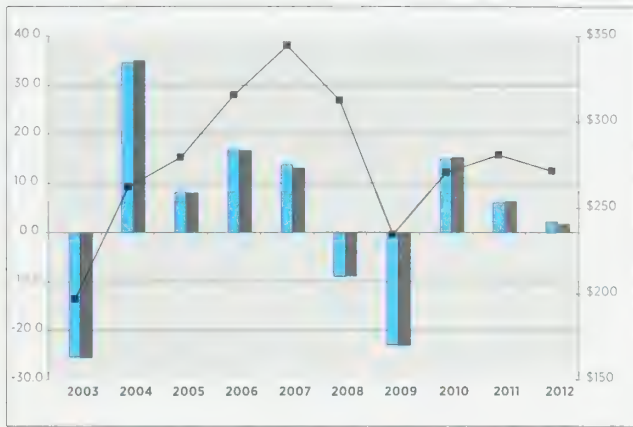
Parliamentary Appropriations

The Council receives an annual appropriation from Parliament which, for the year ended March 31, 2012, was \$181.0 million, \$0.3 million less than in 2010-11. This minor change relates primarily to lesser funding used from the National Translation Program that the Council operates on behalf of the Department of Canadian Heritage under a Memorandum of Agreement. Only similar minor changes to the Council's appropriation are anticipated for 2012-13, as, on March 29, 2012 the government tabled Budget 2012 which included the Deficit Reduction Action Plan and which confirmed that, unlike almost all other government departments and agencies, the Council's appropriation was not affected and there were no mandatory changes to Council's programs and activities. The Council continues to review its programs, their means of delivery and its supporting activities to ensure that they remain relevant to Canadians. All related savings realized will be reinvested into the arts sector.

Investment Income

The financial markets in which the Council invests are quite diversified and, in 2011-12 the Endowment and Special Funds and the Killam Funds had positive one-year returns of 2.1% (5.9% in 2010-11) and 1.7% (6.2% in 2010-11) respectively. The investment portfolios continued to be affected by the varying recovery of world and Canadian equity markets and economies from the significant decline that occurred during the 2008-09 global economic slowdown. As at March 31, 2012, the fair value of the Council's investments was \$270.5 million, a decrease of \$8.7 million over the prior year. The extent and timing of changes in fair value, however, varies by investment and the Council annually tests each investment instrument for impairment. During the year the Council determined that all specific investment declines in fair value were not other than temporary and accordingly did not recognize impairment in their carrying value (an impairment of \$58.9 million was recognized in 2010-11).

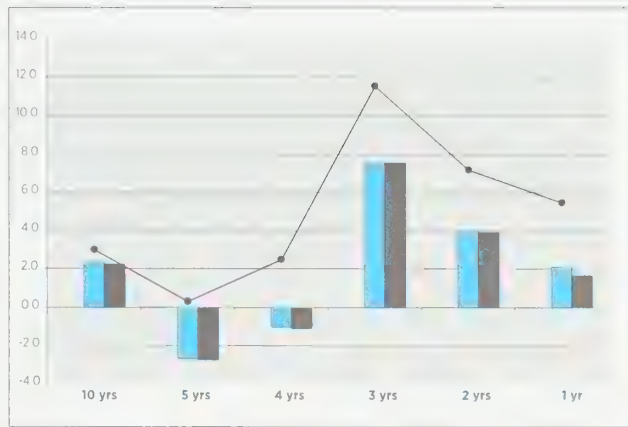
The following chart shows the annualized portfolio returns for the last ten years of the Endowment and Special Funds and the Killam Funds against the benchmark return. It shows the impact of the 2008 economic downturn and the subsequent recovery.



% Annualized Returns ■ Endowment Fund ■ Killam Fund — Market Value (\$M)

The Council's investment policy prescribes that cash can be withdrawn from the portfolio at a rate of up to 4.0% of the previous three-year average market value, using balances at September 30. During the year the Council's Board approved the reduction of this Expenditure Policy rate from 4.5% to 4.0% in recognition of diminished returns and the need to balance return with the long-term preservation of capital. In future years this will reduce the income available for use in operations by approximately \$1.2 million.

The following chart shows the annual portfolio returns for the Council in each year since 2003 and the corresponding effect that those returns have had on the year-end market value. The chart also demonstrates how the investment market returns can fluctuate year over year. The Council reinvests excess investment income above the budgeted amount in order to ensure the continued growth of the fund. This reinvestment is also intended to bring the value of the portfolio closer to what the original endowment amount from 1957 would be if expressed in today's dollars. This proactive approach helps bring additional stability and long-term growth for the Council. In years where investment income is not as favourable as expected, the Board may approve the use of previous years' capitalized income that is represented by the reserve for excess investment income, a component of accumulated surplus from operations on the statement of financial position. For 2011-12 the Council transferred \$3 million (\$45.3 million in 2010-11) from the reserve to surplus.



% Annual Returns ■ Endowment Fund ■ Killam Fund — Benchmark

Other Revenue

Net Art Bank revenue of negative \$372,000 is \$340,000 less than budgeted for the year and \$462,000 less than last year's reported figure. The major portion of this reduction results from artwork purchases of \$305,000 (\$68,000 in 2010-11) which before the transition to PSAS had been capitalized but now must be expensed. The decision to purchase art during the year was based on the availability of an accumulated surplus attributable to the Art Bank of \$732,000. The reduced net return also reflects the challenges of a declining level of rental of works of art by the federal government. The Art Bank is aggressively seeking new sources of rental revenue in the private sector while continuing to ensure that its activities remain aligned to the mandate of the Council.

Other revenue includes the cancellation of grants awarded in previous years, boardroom rental fees, donations, tax rebates, the amortization of inducements and others. These revenues can fluctuate from year to year; they increased by \$192,000 in 2011-12 but were \$930,000 higher than budget. In 2011-12, the Council received \$500,000 from the Alberta Foundation to complete the Alberta Creative Development Initiative program which was designed to support the development of the arts in Alberta. Also, the Council recorded as revenue a \$500,000 transfer from the Edith Webb Endowment to purchase a new 1730 Newland Joannes Franciscus Celoniatu Cello. These amounts were not originally budgeted for 2011-12.

Program Expenses

PROGRAM EXPENSES FOR THE YEARS ENDING MARCH 31 INCLUDE THE FOLLOWING THREE COMPONENTS:

	Budget	Actual	Actual
(in thousands of dollars)	2012	2012	2011
Grants	\$ 155,264	\$ 157,304	\$ 154,532
Administration	13,354	12,967	13,244
Services	6,805	5,894	6,657
	\$ 175,423	\$ 176,165	\$ 174,433

In 2011-12, program expenses accounted for 91% of Council's total expenses of \$194.4 million, the same percentage as in 2010-11. Program expenses were \$1.7 million greater than the previous year and \$742,000 greater than budget. Grants to artists and arts organizations represented about 89% of the total program expenses; they increased by \$2.7 million this year in comparison to the prior year. This increase resulted primarily from the intentional use of funds from the Council's surplus to deliver programs relating to the pooled acquisition of equipment by Media Arts organizations. Services include other types of support provided to the arts community, such as partnerships, advisory committees, research, workshop expenses, adjudication of programs, and program evaluation. These costs were lower than the previous year by \$763,000 and lower than budget by \$911,000 in both cases as a result of the implementation of cost efficiencies in the conduct of peer assessments and improved leverage of funds in the establishment of partnerships. Program administration costs represent the direct cost of operating the Council's programs. These include salaries, benefits, travel and professional services, and they decreased \$277,000 over 2010-11 indicating the success of the Council's efforts to exercise fiscal restraint and seek economies regarding these costs. The Council will continue these efforts over the next three fiscal years.

The Canadian Commission for UNESCO

The Canadian Commission for UNESCO (CCU) operates under the general authority of the Canada Council. The CCU spent \$2,003,000 in 2011-12, a decrease of \$165,000 from 2010-11 and \$311,000 under budget. The CCU coordinates UNESCO program activities in Canada; encourages Canadian participation in UNESCO activities abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about future UNESCO programs and budgets to the Department of Foreign Affairs and International Trade. The CCU also initiates activities in Canada to advance and obtain visibility for UNESCO's program objectives.

General Administration

General administration expenses include the cost of Council Secretariat, Communications and Corporate Services (which includes Finance, Human Resources, Information Management and Administrative Services). Items include salaries, benefits, travel, professional services, amortization, accommodation and others. These costs were \$66,000 lower than those reported in 2010-11 and were \$181,000 over budget. While this increase compared to the budget represents the net effect of wage increases and inflation, the major portion increase results from a one-time year over year increase of \$361,000 in the current service cost of severance benefits. Under the terms of the Council's new collective agreement with the Public Service Alliance of Canada PSAC the accrual of these benefits, and therefore the cost, will cease effective July 2012. The Council will continue to exercise fiscal restraint and seek economies regarding general administration costs in the next three fiscal years.

Remeasurement Gains and Losses

Accumulated remeasurement losses of \$145,000 represent the net decline in fair value of portfolio investments and derivatives other than those realized through sale or disposal. This measure did not exist prior to April 1, 2011. As at March 31, 2011 an analogous measure used under the previous accounting framework, accumulated other comprehensive income, was \$533,000. Recorded net measurement losses for the year were \$678,000.

Cash Flows

Operating Transactions

Cash provided by operating activities was \$1.7 million in comparison to \$2.8 million in 2010-11. This change is mostly accounted for by the reduction in other non-cash items as set out in Note 18 to the Financial Statements.

Capital Transactions

Cash used to acquire tangible assets was \$0.5 million in comparison to \$1.2 million the previous year. This usage is expected to increase significantly in the next few years as the Council fits-up its new premises and invests in new information systems.

Investing Transactions

Net cash used by investing activities was \$0.6 million down from a use of \$4.9 million the previous year. However, the value of underlying transactions incurred in the course of rebalancing the Council's portfolio increased significantly. During 2011-12 the Council acquired portfolio investments valued at \$118.8 million (\$52.7 million in 2010-11) and disposed of investments valued at \$118.2 million (\$47.8 million in 2010-11).

Risk Management

Effective risk management is fundamental to the success of the Council in fulfilling its mandate. The Council is developing a strong risk management culture where risk management is a responsibility shared by all of its employees. The primary goals of enterprise risk management are to ensure that the outcomes of risk-taking activities are consistent with the Council's plans, strategies and risk appetite.

The Council's risk management framework consists of four key elements:

- Risk Governance
- Risk Appetite
- Risk Profile (assessment and mitigation)
- Financial Risk (mitigation)

Risk Governance

The Council's risk management governance begins with oversight by its Board, either directly or through its committees to ensure that decision-making is aligned with strategies and appetite. The Board receives regular updates on the Council's key risks including regarding its risk profile and related mitigation, financial performance and performance of the investment portfolio. The Council's executive management are responsible for risk management under the direct oversight of the Board.

In 2011-12, the Council recognized the need to qualitatively define its risk appetite and to update and revise its Corporate Risk Profile, identifying and including any changes in the Council's risk environment. This included re-assessment of the risks and updates to the Council's risk universe which represents the portfolio of significant potential risks

to be managed by the Council at any given point in time. The 2011-12 risk universe is illustrated below:

Risk Appetite

In 2011, the Council also established a risk appetite statement in order to provide a qualitative description of its approach to accepting risk in the management of its business. This statement was approved by the Board at its January 2012 meeting. The Council's risk appetite statement is as follows:

"The Canada Council for the Arts follows a prudent risk-taking approach in managing the organization. It defines prudent risks as those seen to contribute to the organization's capacity to better deliver its mandate within a range of consequences that are well understood and appropriately mitigated."

The Council has low appetite for risks that could negatively impact the rigour and transparency of our granting processes, given that this is foundational to the legitimacy of the Council's mandate. Similarly, the Council has a low appetite to undertake financial risks that would negatively impact our cost-effectiveness and investment performance, given the critical importance of appropriately managing financial resources to our ability to provide funding and support to the arts community.

With regards to our suite of funding programs and support to the arts community, we have a low appetite for risks that would hinder our ability to be flexible and responsive to changes in the arts ecology and economic conditions and a low appetite for risks that would adversely affect

Corporate Risk Universe

STRATEGIC

Risk related to the strategic management of the Council and relationships with its shareholders and stakeholders

PROGRAM DELIVERY

Risk related to the Council's core granting processes

ENABLING ACTIVITIES

Risk related to the Council's support and operational processes

COMPLIANCE

Risk related to the non-compliance with external/internal requirements

Corporate Risk Profile

STRATEGIC

- Revenue uncertainty
- Change overload
- Strategy execution
- Demonstration of results
- Stakeholder communications
- Resumption of business following a disaster
- Governance
- Clarity of decision-making authorities / process
- Reaction to potentially adverse events

PROGRAM DELIVERY

- Funding controversies
- Funding gaps / non-strategic duplication of funding
- Suite of programs / levels of funding
- Peer assessment process
- Rigour and transparency of the granting process
- ASU support
- Research support
- Implementation of partnerships

ENABLING ACTIVITIES

- Information technology
- Breach of data privacy / security
- Human resources capacity / competency / succession planning
- Budget management
- Knowledge and records management
- Communication support

COMPLIANCE

- Compliance with external requirements / obligations
- Compliance with internal financial policies and procedures
- Compliance with internal HR policies and procedures
- Compliance with internal granting policies and procedures

support of the arts infrastructure in Canada. That notwithstanding, the Council has a high appetite for artistic risk. Notably, we maintain a high appetite for risks related to the Council's support of artistic aspirations, creativity and innovation as this is essential to the development and evolution of a vital and diverse arts sector that enriches the lives of all Canadians. In that context, we have a moderate appetite for risks that could affect our ability to build and sustain reputational strength with key stakeholders.

To enable the Council to continuously improve its operating performance, we are willing to take on moderate risks for opportunities that could lead to improved internal structure, staffing and services as well as overall strategy execution. However, we will manage any risks taken in this regard within the constraints of our core values, organizational culture, and commitment to staff.

Ultimately, we will manage the organization in a way that will enable us to deliver on our mandate and strategic directions and to demonstrate results. We will be cautious in our acceptance of any risks that could hinder our abilities to do so.

The Council ensures that it fulfills its mandate and operates as a high performance organization through effective governance by its Board. The Council has a low appetite for any risks that would affect its capacity to independently govern itself."

Risk Profile

Using the Council's risk appetite as key context, the following risks, as identified and assessed during the 2011-12 risk assessment process, are considered to be outside of the Council's appetite. Consequently, for these, focused updated risk mitigations will be undertaken under the oversight of assigned members of the executive management in order to reduce the risk exposure:

- Revenue uncertainty
- Change overload
- Information technology effectiveness
- Human Resource capacity
- Demonstration of results

Financial Risk

The Council is exposed to a variety of financial risks as a result of its activities. These include credit risk, liquidity risk and market risk. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Council. The majority of the Council's receipts are due from the Government of Canada and, as such, have low credit risk. Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council currently receives most of its revenues by way of parliamentary appropriation drawn down monthly. That revenue is invested in a short-term pooled fund until it is required. The Council's parliamentary appropriation for 2012-13 and future years is not affected by the government's Deficit

Reduction Action Plan. This significantly reduces revenue uncertainty from this source and liquidity risk. The Council's activities are primarily exposed to price risk, interest rate risk and currency risk. The directive to the Council's investment managers is to manage the Council's market risks on a daily basis in accordance with the Council's policies. Overall market positions are monitored quarterly by the Board of Directors and the Investment Committee. Note 9 to the financial statements sets out the Council's financial risks and investment fair value in greater detail.

Accounting Standards And Policies

In December 2009, the Public Sector Accounting Board (PSAB) amended the Introduction to Public Sector Accounting Standards (PSAS). This amendment eliminated the Government Business Type Organization (GBTO) classification which had applied to the Council and which had enabled the Council to present its financial statements applying the standards of the CICA Handbook rather than PSAS. The CICA has replaced these standards with a series of new standards varying by type of enterprise, none of which are appropriate to the Council. Therefore, the Council revised its classification to Other Government Organization (OGO) having determined that the most appropriate accounting framework that meets the financial information disclosure needs of its stakeholders are the PSAS related to this classification. The Council adopted the new accounting framework effective April 1, 2011.

Also, as a result of changes to the Financial Administration Act, effective April 1, 2011 that applies to all Crown Corporations the Council is required to provide financial statements to the Government of Canada within 60 days of the end of each fiscal quarter. Those unaudited quarterly financial statements, the first ever for the Council, were prepared in accordance with PSAS, submitted to government and publicly disclosed on the Council's website.

The transition to PSAS involved the redetermination, revision and re-establishment of accounting policies and the resolution of several significant accounting issues. Note 2 to the financial statements sets out significant matters relating to this transition and reconciles account balances and transactions from the previous accounting framework to the current method of presentation. Relevant aspects of these reconciliations are discussed and analyzed elsewhere in this Financial Overview. For each financial statement format of disclosure and the definition and measurement of most items disclosed has changed from that of the predecessor statement. The following summarizes the main qualitative differences between the previous and current financial statements:

- The Balance Sheet has been replaced by a Statement of Financial Position that segregates financial assets, net financial assets, non-financial assets and accumulated surplus.
- The Statement of Operations continues to set out realized operating results for the year.
- The Statement of Comprehensive Income has been replaced by the Statement of Remeasurement Gains and Losses.

- The Statement of Changes in Net Equity has been replaced by the Statement of Changes in Net Financial Assets. Changes in Accumulated Surplus are now disclosed in Note 14 to the Financial Statements.

In the course of transitioning to PSAS the Council adopted all standards in effect as at April 1, 2011. In addition several new PSAS standards have later mandatory effective dates with optional early adoption. Generally, the Council chose to “early adopt.” Relevant information is further disclosed in Note 3 to the financial statements. The adoption of PSAS 3450 – Financial Instruments is of special significance as it allows the Council to continue to use fair value accounting for its investments. Other early adopted standards relate to:

- Portfolio Investments
- Foreign Currency
- Financial Statement Presentation
- Government Transfers

The transition to PSAS causes significant issues in relation to the presentation of comparative information. These could not be resolved with regard to the Council’s quarterly financial statements. Therefore, the Council obtained an exemption from the Treasury Board of Canada Secretariat that provided some relief regarding comparative presentation during the year. The comparative issues were resolved in the preparation of audited statements for the year ended March 31, 2012 but readers should keep in mind the standards transition impact when reviewing the financial statements. Notably, the concept of remeasurement gains did not exist for the Council before April 1, 2011 and therefore there are no comparative figures presented regarding remeasurement. Conversely, the concept of other comprehensive income (similar but different to remeasurement gains) has ceased to exist and, accordingly, there is no current year comparative information presented.

Note 4 to the financial statements sets out the Council’s significant accounting policies.

Use of Appropriation

The following information is intended to supplement that provided elsewhere in this discussion regarding the Council’s use of its Parliamentary appropriation.

The Council receives its main funding through Parliamentary appropriation voted by Parliament. The Council records the Parliamentary appropriation received in the period as revenue in the Statement of Operations. The Council submits a monthly cash flow analysis to the Department of Canadian Heritage to justify its monthly drawdown cash requirements. The monthly drawdown is invested in a short term pooled fund managed by a professional investment manager from which the Council draws its daily cash requirements.

THE PARLIAMENTARY APPROPRIATION APPROVED AND RECEIVED BY THE COUNCIL DURING THE FISCAL YEAR WAS AS FOLLOWS:

<i>(in thousands of dollars)</i>	2012	2011
Operating funding		
Approved annual funding –		
Vote 10 – Operating costs	\$ 181,761	\$ 181,697
Supplementary estimates	157	127
Frozen allotment 2010-11	-	(186)
Reduction to non-recurring funding		
for programming initiatives operated		
under Memoranda of Agreement	(960)	(361)
Operating funding received and recorded		
in the Statement of Operations	(180,958)	(181,277)
Balance of operating funding to be received	-	-

Due to the timing of the 2011 federal election, the Council’s initial cash requirements against its appropriation were supplied through the use of Governor General’s Special Warrants. Supply was formally approved by Parliament when it was recalled in June 2011.

MANAGEMENT’S DISCUSSION & ANALYSIS NOTES:

¹Hill Strategies Research Inc. *Canadians’ Arts, Culture and Heritage Activities in 2010*. February 2012

²The 2008 Special Examination by the Office of the Auditor General of Canada (OAG) concluded that the Council’s systems and practices “had no significant deficiencies. In fact, the Council’s systems and practices have contributed to its success in several areas.” The OAG provided the Council with seven recommendations to strengthen its operations and policies. Among these were recommendations that the Council better evaluate the results of its grants programs” and “examine the range of its 140 financial assistance programs, to facilitate their

administration and evaluation.” The Council accepted all recommendations: five of seven are done, with two well under way.

³Canadian Public Arts Funders (CPAF) is a network that fosters and supports the arts in Canada through cooperation and collaboration of national, provincial and territorial arts councils and equivalent public arts funders. The national member of the network is the Canada Council, which also acts as the secretariat.

⁴CADAC (Canadian Arts Data / Données sur les arts au Canada) is an integrated financial and statistical system for arts organizations applying for operating funding. Members: Alberta Founda-

tion for the Arts, British Columbia Arts Council, Canada Council, City of Greater Sudbury, City of Mississauga, City of Vancouver, New Brunswick Department of Wellness, Culture and Sport, Manitoba Arts Council, Ontario Arts Council, Saskatchewan Arts Board, Toronto Arts Council.

⁵The Canada Council for the Arts distributes annual payments to Canadian authors through the Public Lending Right (PLR) program as compensation for the free public access to their books in Canadian public libraries.

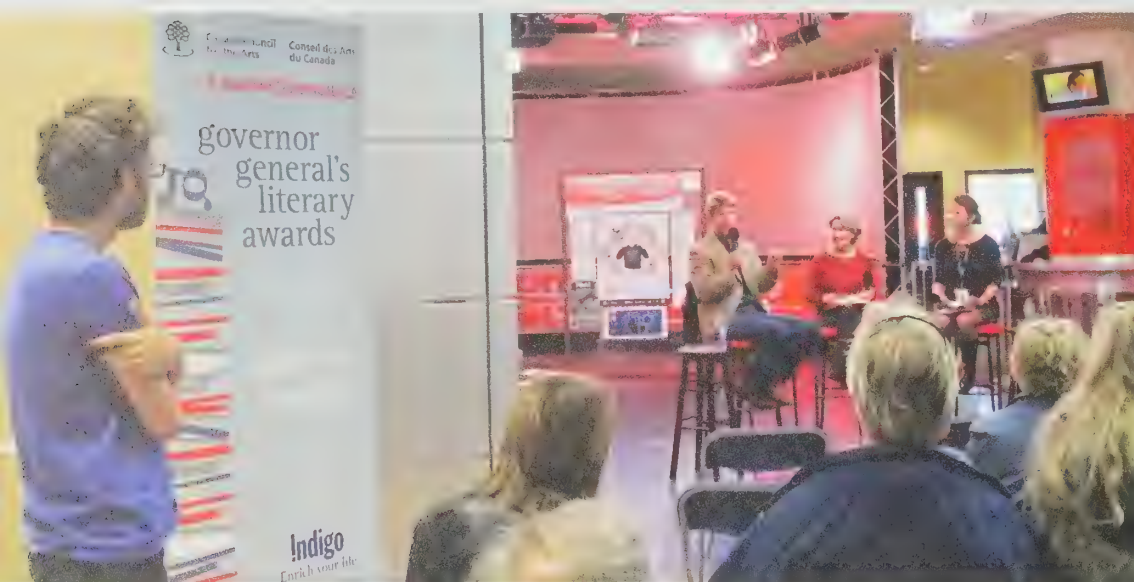
⁶UNESCO: United Nations Educational, Scientific and Cultural Organization

The Canada Council: Where you are

The Canada Council is where Canadians are: in their communities, on the web, on social networks. The artists and arts organizations that receive grants and prizes in turn bring the arts to life in thousands of communities. This past year, the winners of Governor General's Awards – both literary, and visual and media arts – proved, without a doubt the vitality of our culture.

Connecting Canadians to great books

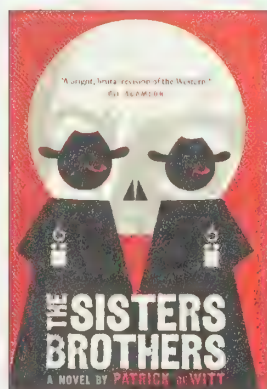
The Governor General's Literary Awards (the GGs), funded and administered by the Canada Council, celebrated 75 years of great books. The Council partnered with nine literary festivals across the country to put readers in touch with authors through readings, discussions and podcasts. The CBC and Radio-Canada spread the word online and on-air through videos, quizzes, commissioned writing and a public writing contest. Indigo Books & Music promoted the awards to their shoppers with book signings and online promotions.



Top: A book signing at a live CBC interview during Lit-fest, Edmonton's international literary festival. Bottom: 2011 GG winners signing books at the downtown Ottawa location. Photo: Donna Fong.



People created their personal bookshelves of GG-winning books on Facebook and shared them with friends. And news about the national literary awards and the 75th anniversary trended in the tweepsphere. Students and teachers had the opportunity to study GG-winning books, create videos inspired by them, and meet the authors (virtually and live) as part of Listen, I read. The project was organized by the Council's Public Lending Right program – as part of its 25th anniversary – in partnership with the Canadian Commission for UNESCO and the Canadian Teachers' Federation.

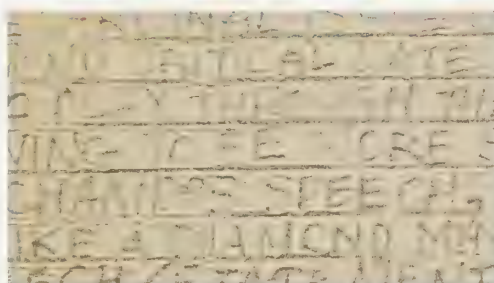
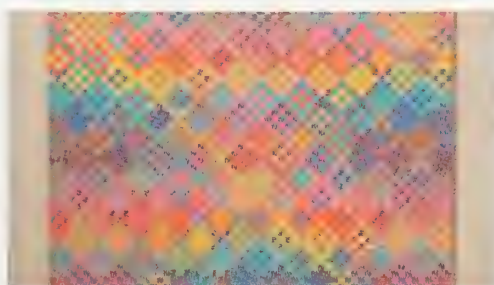


"I can't overstate how much the [Canada Council] grant saved me," said Patrick deWitt, GG fiction winner for *The Sisters Brothers*. The funds allowed him to finish the book rather than return to a job in construction to support his family. "I think it benefited the book in a really tangible way."

Cover of Patrick deWitt's *The Sisters Brothers* (House of Anansi Press). GG 2011, fiction.

The artist as communicator

Following the buzz of the literary GGs in the fall, the winners of the Governor General's Awards in Visual and Media Arts (GGAVMA) were a highlight of the spring. Performance artist Margaret Dragu blogged from "behind the scenes" at the celebratory events. Artist-goldsmith Charles Lewton-Brain forwarded the news to his extensive online networks. During the press conference, the Council tweeted the highlights of the eight winners' speeches. Many arts organizations joined the Council to get the news out via the web. And thousands of viewers watched videos on YouTube of the winners speaking clearly and passionately about their exceptional achievements and the role of the public in their creative endeavours. The Council's awards webpage also features events and exhibits where the public can see the artists and their work in person.



Charles Lewton-Brain (Calgary). Details of Ron Martin's works *World #27*, 1970 (top) at 998 (bottom)



2012 GGAVMA winner Jana Sterbak (Montréal). Photos: Martin Lipman

"I believe that if we are in the public arena, we have certain obligations.... to be a hermit, to be closed to others, is pointless. Contemporary art is a means of communication." – Jana Sterbak

Governance

Transparency, Accountability, Financial Leadership, Trust, Measurement, Diversity, Ethics, Performance, Talent, Innovation, ESG

Governance

Board Mandate

The Canada Council for the Arts is governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor-in-Council for fixed terms. The Board meets at least three times a year and is responsible for the organization's policies, programs, budgets and grant decisions.

As stewards of the organization, the Board oversees the organization's governance. It conducts the Council's business, directs Management and ensures that all major issues affecting the Council are given proper consideration. The Board is accountable to Parliament through the Minister of Canadian Heritage.

The general duties of the Board are described in the Canada Council's *Governance Policy* and the *By-laws*.

HIGHLIGHTS

In 2011-12, the Board:

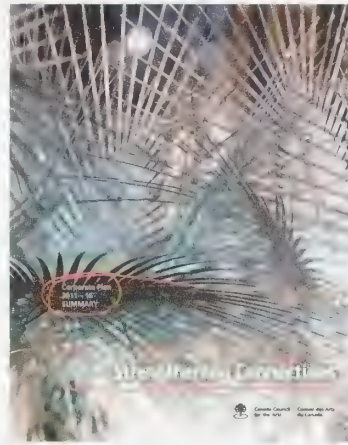
- held three meetings in Ottawa, one meeting in Calgary, and one teleconference
- held its Annual Public Meeting in Calgary
- approved *Strengthening Connections: Corporate Plan 2011-16*
- endorsed a new communications plan and brand strategy
- approved the annual Financial Overview and Financial Statements, the quarterly financial statements, and the annual budget
- approved the risk-based internal audit plan
- reviewed the corporate risk profile and the risk mitigation plans, and endorsed the risk appetite statement
- approved the leasing of a new office facility for the Canada Council in 2014
- approved the purchase of instruments for the Musical Instrument Bank
- approved major program modifications and grants over \$100,000



Board Independence

All members of the Board are independent directors. While the Director/CEO and Executive Management attend Board meetings to provide information and report on activities, only members may vote and make decisions. Board committees are composed of Board members, with some committees expanded to include external experts selected for their knowledge and expertise.

Strategic and Corporate Planning



The Board is responsible for overseeing and approving the overall policies of the Council, formulating and approving the Strategic Plan and assessing its implementation.

In June 2011, the Board approved *Strengthening Connections: Corporate Plan 2011-16*, which addresses how the

Council intends to implement its strategic directions and vision. This document outlines the Council's business and activities and establishes its priorities, objectives, strategies, performance indicators and desired impacts. A summary is available on the Council's website.

Management reports to the Board on how the Council is performing in relation to the objectives set out in the Corporate Plan and on the results achieved throughout the year. This regular monitoring of corporate performance assists the Board in its decision-making and provides a key accountability framework for the work of the organization.

Risk Management

The Board identifies and assesses on a regular basis the principal risks inherent in the Council's activities and its external environment. It ensures that appropriate systems to monitor, manage and mitigate these risks have been implemented. This involves briefings from management, as well as reports from the Council's internal and external auditors.

The Board reviews the risk mitigation plans at regular intervals throughout the year. In 2011-12, the Board reviewed and endorsed the risk appetite statement.

1871 Jean-Baptiste
Vuillaume
violin, collection
of the Musical
Instrument Bank.
Photo: Chris
Lantinga

Culture of Ethical Business Conduct

Board members, as public office holders, are bound by the federal government's *Conflict of Interest Act*, the *Ethical Guidelines for Public Office Holders*, as well as the *Code of Ethics for Canada Council Board Members*. The Board is required to disclose any conflicts of interest on an annual basis, and as they occur throughout the year.

Corporate Social Responsibility

The Canada Council is committed to carrying out its mandate in an environmentally, socially and ethically responsible manner in accordance with its values and principles.

In an effort to fulfill this commitment, Council continues to:

- conduct its business with honesty, integrity and fairness
- strive to reduce its environmental footprint by incorporating environmental sustainability considerations into its plans, activities and projects
- provide an organizational climate that stimulates and supports employee performance and development

The Board is responsible for overseeing these commitments. The Board is responsible for ensuring the integration of social, environmental and ethical considerations into all Board-related matters.

Board Renewals and Appointments

The Board advises the government on appropriate selection criteria for the Chair of the Board, as well as competency profiles and future needs for Board members and for the position of Director/CEO.

"it is a priority that candidates represent or reflect Canada's official languages, regions, different generations, Aboriginal Peoples, cultural diversity, gender equity and persons with disabilities"

The Governance and Nominating Committee maintains an up-to-date skills and expertise profile based on the Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. Along with experience in the arts and expertise in areas such as finance and governance, it is also a priority that candidates for appointment represent or reflect Canada's official languages, regions, different generations, Aboriginal Peoples, cultural diversity, gender equity and persons with disabilities. A skills and expertise profile, and suggestions of potential candidates, have been provided to the Minister of Canadian Heritage in response to current and upcoming vacancies.

David McKay (Fredericton, NB) was appointed for a four-year term, effective March 1, 2012. Barbara Burley (St. Andrews, NB) was reappointed for a four-year term, effective December 3, 2011. Anna Porter (Toronto, ON) was reappointed for a four-year term, effective January 29, 2012. At March 31, 2012, there were two Board vacancies.

ENVIRONMENTAL FOOTPRINT

Left: Illustration of reduced carbon footprint of new building (# kilograms of greenhouse gas emissions per square foot).

Right: Artist renderings of front exterior and public greenspace



Board Orientation and Continuing Education

New Board members are provided with an orientation session and information package, and attend all committee meetings at the time of their first Board meeting. The information package includes descriptions of the roles of the Board, its committees and members, relevant policies and information relating to the Council and its management. New Board members also meet with the Council's Executive Management Group to discuss the organization's key functions and activities.

In 2011-12, as part of the continuing education program, Board members participated in professional development sessions led by Council staff, on the following topics:

- equity (June 2011)
- peer assessment (January 2012)
- social media (March 2012)

Board Performance Evaluation

Every year, under the direction of the Governance and Nominating Committee, the Board undertakes an evaluation of the performance of the full Board and its committees. Work is undertaken throughout the year to implement the recommendations resulting from the Board evaluation.

Senior Appointments

Guided by standard staffing principles and practices, a recruitment and selection process is in place for senior management positions. Staffing processes are managed either by Human Resources or by an executive search firm. Job profiles are regularly reviewed and updated. Vacancies are advertised nationally, as well as on the Council's website for a minimum of one month. Hiring and selection committees include experts who also represent Canada's cultural diversity and official languages.

In 2011-12, there were two senior appointments:

- Tara Lapointe, Head, Marketing Communications (April 18, 2011)
- Caroline Lussier, Head, Dance (September 6, 2011)

Director/CEO Assessment Activities

The Director/CEO is accountable to and reports to the Board, carries out its policies and directives, attends meetings of the Board and Board committees, and represents the Council personally or through a delegate in its relations with government departments and agencies, and with other organizations. The Director/CEO keeps the Board updated on important factors affecting the achievement of the Council's strategic objectives.

The Director/CEO's performance is assessed annually by the Board, according to the Privy Council Office's *Performance Management Program for Chief Executive Officers of Crown Corporations*. The Board communicates the results of the Director/CEO's annual performance appraisal to the Minister of Canadian Heritage.



Communications with the Minister of Canadian Heritage, Parliamentarians and Other Stakeholders

Good governance requires transparency and accountability. It is important for the Council, as a federal Crown corporation, to communicate effectively and in a timely manner with parliamentarians, government and other key stakeholders, such as the arts community, and the public. The Board is responsible for ensuring that the Council communicates effectively and consistently with the Minister and officials in the Department of Canadian Heritage.

Among the key documents provided to the Minister, parliamentarians and other stakeholders in 2011–12 were the Canada Council's Corporate Plan and Summary, Annual

Report and a compendium of funding provided to artists and arts organizations (including a national overview and provincial and territorial profiles). These reports are available on the Canada Council's website.

Reporting Requirements

In accordance with specific acts and regulations, and to ensure ongoing communications and transparency, the Council submits a number of reports on an annual basis to different government departments.

Access to Information Act and Privacy Act (ATIP)

The *Access to Information Act* provides the public with accessibility to official records under the control of the Canada Council. The *Privacy Act* provides citizens with the right to access personal information held by the Canada Council and protection of that information against unauthorized use and disclosure.

Annual ATIP reports, which include statistical data on the Council's administration of the Acts, are submitted to Treasury Board. The 2010–11 ATIP report was tabled on August 17, 2011.

Canada Council
Vice-Chair Simon
Brault Phot
Francine Dion

Canadian Multiculturalism Act

The *Canadian Multiculturalism Act* provides for the preservation and enhancement of multiculturalism in Canada. The Canada Council's Equity Office is responsible for pursuing the requirements of this Act, and for completing an Annual Report on the Operation of the *Canadian Multiculturalism Act*. This report was submitted to Citizenship and Immigration on May 25, 2011.

CANADIAN
COALITION OF
MUNICIPALITIES
AGAINST
RACISM AND
DISCRIMINATION

Official Languages Act

The Council is responsible for the implementation of parts IV, V, VI and VII of the *Official Languages Act*. The Council, through the National Coordinator for the Implementation of Section 41, submits a multi-year action plan to the Department of Canadian Heritage regarding Section 41 of Part VII of the Act. This was done in January 2012.

Section 41 refers to the federal government's responsibilities under the Act toward Official Language Minority Communities (Francophones outside Quebec, Anglophones in Quebec) and to the promotion of English and French in Canadian society. An annual report was submitted in July 2011. (See image below for an example from this document.)

The Council also presents an annual report detailing its activities under Parts IV, V and VI to the Treasury Board Secretariat. This report was submitted on May 17, 2011.

These documents are available on the Council's website. As of 2012, they will be consolidated into one integrated document.



Employment Equity Act

The Canada Council for the Arts is committed to employment equity and is governed by the rules and regulations of the *Employment Equity Act*. The Act and Regulations seek to identify and remove employment related barriers faced by women, Aboriginal Peoples, persons with dis-

“The Canada Council for the Arts is committed to employment equity and is governed by the rules and regulations of the Employment Equity Act”

abilities and members of visible minorities (the four designated groups) and to ensure that these groups achieve a degree of employment which is, at least, equal to their representation in the workforce as defined by qualification, eligibility or geography.

As a federal organization with over 100 employees, the Canada Council files an annual Employment Equity Report with Human Resources and Skills Development Canada. The 2010 report was submitted on June 1, 2011.

Annual Public Meeting

On October 18, 2011, the Council held its Annual Public Meeting in Calgary. It reported on its recent activities and plans for the future, released the summary of its new corporate plan, and received feedback from interested stakeholders. The Director/CEO, the Chair, the Vice-Chair and all other members of the Board, as well as senior staff, were present. A transcript of the meeting is available on the Canada Council's website.

Board Committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are four standing committees of the Board:

- Executive Committee
- Audit and Finance Committee
- Governance and Nominating Committee
- Investment Committee

The committees' roles, responsibilities and reporting requirements are defined in the By-laws. The Board Communications Strategy Working Group is an ad hoc committee with a time-limited mandate from June 2010 to October 2011.

Executive Committee

The Executive Committee acts on behalf of the Board (with exceptions related to the approval or amendments of By-laws, policies, budgets, financial statements, grants or the Annual Report) in the interval between meetings of the Board.

Membership: Joseph L. Rotman (Chair), Simon Brault and Rosemary Vodrey.

In 2011-12, the Executive Committee:

- reviewed and recommended for approval the Director/CEO's performance assessment
- oversaw the work undertaken by the Board Communications Strategy Working Group

Audit and Finance Committee

The Audit and Finance Committee is responsible for the oversight of the Council's financial performance and ensures the integrity, effectiveness and accuracy of Council's financial reporting, control systems, integrated risk management processes and audit functions.

Membership: Simon Brault (Chair), Luc LaRochelle, Anna Porter, Jean Saucier (until December 2011) and Jerry Mazerolle (until February 2012). At March 31, there were two vacancies.

In 2011-12, the Audit and Finance Committee reviewed:

- the quarterly and annual financial statements, along with updates on financial reporting standards and Canadian auditing standards
- the annual budget proposal, along with Council's fiscal restraint plan
- the Delegation of Authority Policy
- the quarterly Investment Committee reports
- the risk-based internal audit plan and internal audit reports
- the annual financial audit plan of the Office of the Auditor General
- the reports on internal disclosure of information concerning wrongdoing in the workplace
- the corporate risk profile and the risk mitigation strategies

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for ensuring that proper structures and processes are in place for the effective oversight and direction of the Council's activities, including establishing a process to assess the Board's performance; orienting new Board members; reviewing the corporate by-laws and governance framework regularly; and maintaining a list of criteria for filling Board vacancies.

Membership: Barbara Burley (Chair), Simon Brault, Susan Knight, Philip Ponting and Thomas Hill (until January 2012). At March 31, there was one vacancy.

In 2011-12, the Governance and Nominating Committee:

- oversaw the annual Board evaluation process
- reviewed the committee appointment process
- reviewed and updated the By-laws and Governance Policy
- developed a professional development plan for Board members
- worked with the Chair of the Investment Committee to undertake an assessment of the Investment Committee
- oversaw the planning of the Council's Annual Public Meeting
- updated the Statement of Board Requirements, as part of the process in addressing current and upcoming Board vacancies

Investment Committee

The Investment Committee is responsible for overseeing and providing expert advice on the Council's investment portfolio, including recommending Board policies with respect to investments, hiring professional fund managers and monitoring their activities.

Membership: Anna Porter, Jean Saucier (until December 2011) and the following external experts: Tania Willumsen (Chair), Henry W.C. Gibbs, Susan Luke Hill, Ann Marshall, John H. Matthews, George Mavroudis and William J. Smith (until July 2011). At March 31, there was one vacancy for a Board representative.

In 2011-12, the Investment Committee:

- closely monitored Council's investments in a time of fluctuating markets, and had regular meetings with managers to review their performances
- retained a new global manager
- undertook a comprehensive review of the committee's structure and governance, and updated the committee's terms of reference
- revised the Investment Policy to address current economic concerns
- proposed the appointment of George Mavroudis, effective October 19, 2011

Board Communications Strategy Working Group (ad hoc)

Under the direction of the Executive Committee, the Board Communications Strategy Working Group was tasked with reviewing the overall Board communications practices, and providing advice for the planning and development of a communications framework and branding strategy. The working group completed its mandate in October 2011, when the final recommendations were presented to, and approved by, the Board.

Membership: Rosemary Vodrey (Chair), Thomas Hill, Luc LaRochelle, Philip Ponting and Anna Porter.

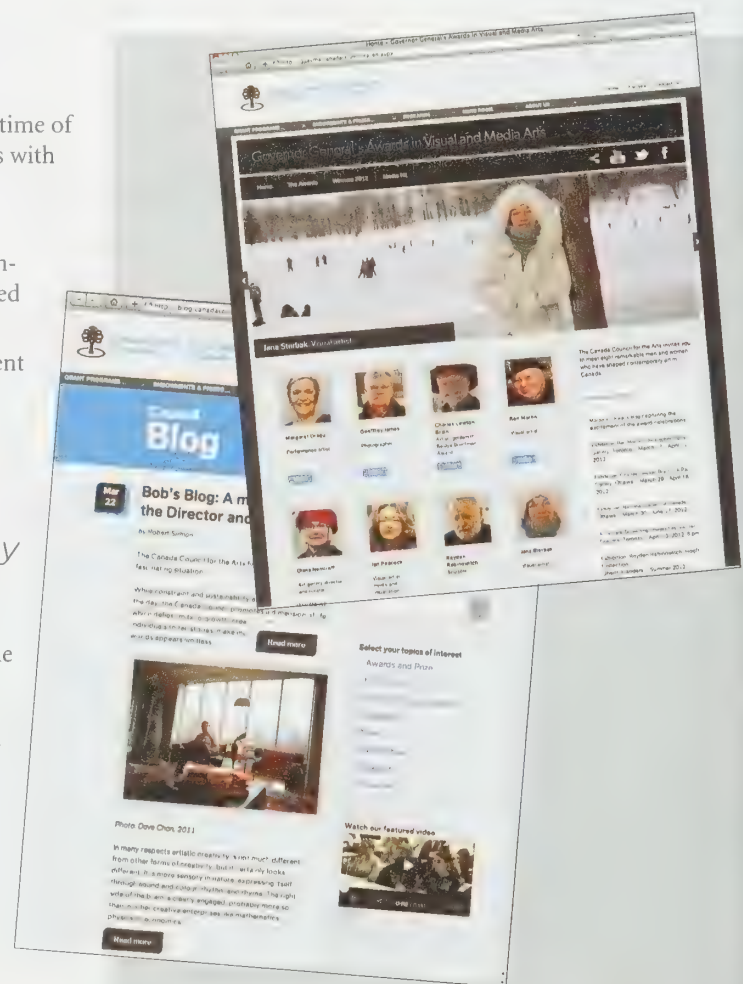
Other Bodies

Certain Board members also serve on other bodies: Susan Knight serves on the Executive Committee of the Canadian Commission for UNESCO; Luc LaRochelle serves on the Public Lending Right Commission and Rosemary Vodrey serves on the Advisory Committee for Racial Equality in the Arts. Thomas Hill served on the Aboriginal Arts Advisory Committee (Kakaekwewin) until January 2012.



Proactive Disclosure

The disclosure of grants and contributions, travel and hospitality expense information of senior executives, contracts entered into for amounts over \$10,000, reclassification of positions and summary reports of completed access to information requests are posted on the Council's website.





Canada Council Board and Director/CEO (left to right): Thomas Joseph L. Rotman, Rosemary Vodrey, Luc LaRochelle, Anna

Board and Board Committee Attendance: April 1, 2011 to March 31, 2012

	Board Meetings	Executive Committee	Investment Committee	Audit and Finance Committee	Governance & Nominating Committee	Board Communications Strategy Working Group
Total Number of Meetings	5	5	5	7	4	4
Joseph L. Rotman, Chair	5	5				
Sandra Roubil, Vice-Chair	4	5		7	4	
Barbara Butler	5				5	
Thomas V. Hill	3 of 4				3 of 4	4
Susan Lough	4				5	
Luc LaRochelle	5			6		5
Jerry Mazerolle	4 of 4			6 of 6		
David McKay	1 of 1					
Philip Proulx	4				5	4
Anna Porter	4		4	6		4
Jean Saucier	3 of 3		3 of 3	5 of 5		
Rosemary Vodrey	5	5				5

NOTES

- Thomas V. Hill's term ended January 28, 2012
- Jerry Mazerolle's term ended February 25, 2012
- David McKay was appointed March 1, 2012
- Jean Saucier's term ended December 2, 2011

Disclosure of Wrongdoing

The Council's Policy on the Internal Disclosure of Wrongdoing in the Workplace is based on the requirements of the *Public Servants Disclosure Protection Act*, which applies to all persons employed in the public sector, including employees of the Canada Council and other Crown corporations. A quarterly report on the disclosure of wrongdoing in the workplace is provided to the Audit and Finance Committee.

In 2011-12, there was one internal disclosure of wrongdoing in the workplace. Following review of the case, it was determined that this was not a systemic issue, nor was it related to financial controls.

Remuneration for Board Members

Board members are paid an annual retainer and honoraria based on a fee fixed by the Governor-in-Council. For 2011-12, the total of fees paid to Board members was \$113,397.

Executive Management Compensation

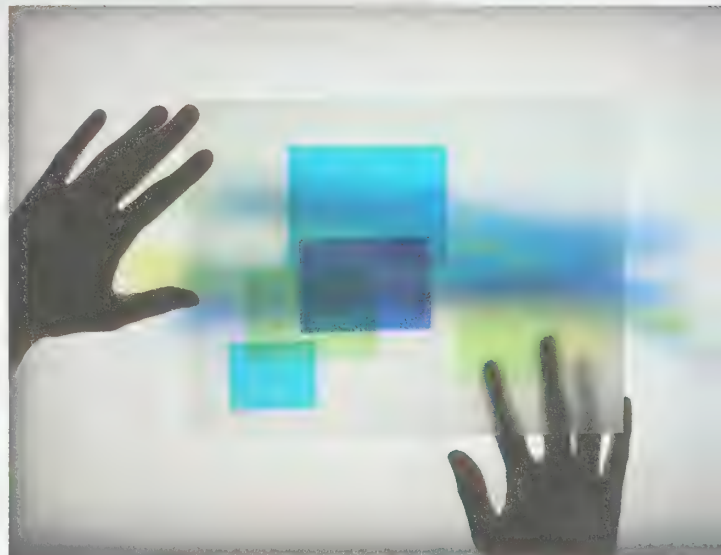
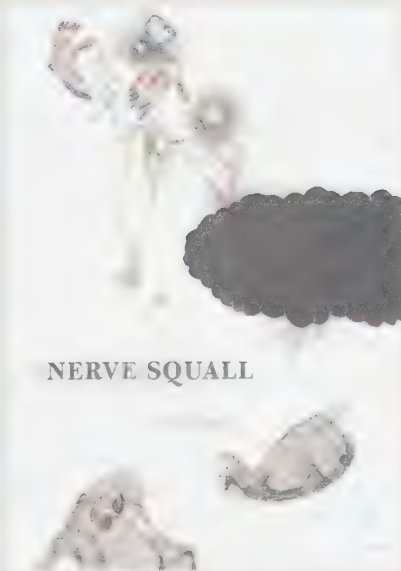
The Council has adopted salary ranges for its Executive Management Group that reflect those established by the government for all EX-level positions in the federal public service. For 2011-12, the salary ranges were \$207,400–244,000 for the position of Director/CEO (fixed by the Governor-in-Council) and \$103,000–152,000 for executive positions.

At March 31, 2012, the Executive Management Group consisted of Robert Sirman, Director/CEO; Michelle Chawla, Corporate Secretary and Director, Strategic Initiatives; Robin Ghosh, Director, Finance and Administration; John Goldsmith, Director, Stakeholder Relations; Denyse Jomphe, Director, Human Resources; Tammy Scott, Director, Communications and Arts Promotion; Anne Valois, Director, Arts Disciplines; and David Walden, Secretary-General, Canadian Commission for UNESCO.

Investing in artists... for a vibrant arts scene

With its highly-respected peer assessment process, the Canada Council for the Arts has an in-depth, national understanding of arts development in Canada. This translates into effective programs and prizes that have an important impact at all stages of an artist's career or an arts organization's development. The winners of the 2012 Victor Martyn Lynch-Staunton Awards (\$15,000 each, for exceptional mid-career artists) have received timely and appropriate support from the Council throughout their careers – for creation, research, collaboration, residencies, travel to world premières, writing or professional development. Today, at mid-career, Valérie Blass (sculptor), Nova Bhattacharva (dancer), Brian Current (orchestra conductor), Manon De Pauw (interdisciplinary artist), Denis Lavalou (playwright), Sylvia Legris (poet) and Graeme Patterson (filmmaker and multimedia artist) are outstanding, internationally-renowned artists, and they make Canada a key player on the world's cultural stages.





Left: Denis Lavant, *The Diving Club*
 and Michael Fassbender, *Steve McQueen*
 2015, released in the UK by
 Curzon Classics
 Photo: David Laundy

Steve McQueen, *Steve McQueen*
 2015, released in the UK by
 Curzon Classics

Financial Statements

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canada Council for the Arts and all the information in this annual report are the responsibility of Management and have been approved by the Board.

The financial statements have been prepared by Management in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. The financial statements include amounts based on Management's best estimates as determined through experience and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the organization's assets are appropriately accounted for and safeguarded.

The Board is responsible for the management of the business and activities of the Canada Council. In particular, they are responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. They exercise this responsibility through the Audit and Finance Committee, which is composed of members who are not employees of the Canada Council. The Audit and Finance Committee meets with Management, the internal auditors and the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Canada Council, and for issuing the report thereon.

June 21, 2012



Director and Chief Executive Officer
Robert Sirman



Chief Financial Officer
Robin Ghosh, CA, CPA (Illinois)



Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Canada Council for the Arts and the Minister of Canadian Heritage and Official Languages

Report on the Financial Statements

I have audited the accompanying financial statements of the Canada Council for the Arts, which comprise the statements of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, the statements of operations, statements of change in net financial assets and statements of cash flows for the years ended 31 March 2012 and 31 March 2011, and the statement of remeasurement gains and losses for the year ended 31 March 2012 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

.../2

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canada Council for the Arts as at 31 March 2012, 31 March 2011 and 1 April 2010, and the results of its operations, changes in its net financial assets, and its cash flows for the years ended 31 March 2012 and 31 March 2011, and its remeasurement gains and losses for the year ended 31 March 2012, in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied, after giving retroactive effect to the adoption of the new standards as explained in Note 2 to the financial statements except for the change in the method of accounting for financial instruments and foreign currency translation as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canada Council for the Arts that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Canada Council for the Arts Act* and the by-laws of the Canada Council for the Arts.



Sylvain Ricard, CA
Assistant Auditor General
for the Auditor General of Canada

21 June 2012
Ottawa, Canada

STATEMENT OF FINANCIAL POSITION

as at March 31 (in thousands of dollars)

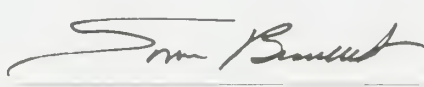
	2012	2011	April 1, 2010
FINANCIAL ASSETS			
Cash equivalents (Note 6)	\$ 18	\$ 340	\$ 4,501
Accounts receivable	2,144	2,395	1,669
Derivatives (Note 7)	171	300	3,761
Portfolio investments (Note 8)	270,522	279,232	265,554
TOTAL FINANCIAL ASSETS	272,855	282,267	275,485
LIABILITIES			
Bank indebtedness	1,581	2,574	3,475
Grants payable	27,760	25,927	26,452
Accounts payable and accrued liabilities	3,710	4,900	2,971
Deferred parliamentary appropriations	-	-	37
Deferred revenues	1,827	2,108	2,452
Derivatives (Note 7)	62	187	13
Employee future benefits (Note 10)	4,237	3,610	3,451
Deferred revenues - Externally restricted contributions (Note 11)	23,594	26,349	24,699
TOTAL LIABILITIES	62,771	65,655	63,550
NET FINANCIAL ASSETS	210,084	216,612	211,935
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 12)	2,156	2,767	2,651
Works of art and musical instruments (Note 13)	1	1	1
Prepaid expenses	273	272	217
TOTAL NON-FINANCIAL ASSETS	2,430	3,040	2,869
ACCUMULATED SURPLUS (Note 14)	\$ 212,514	\$ 219,652	\$ 214,804
Accumulated surplus is comprised of:			
Accumulated surplus from operations	212,659	219,119	265,771
Accumulated other comprehensive income	-	533	(50,967)
Accumulated remeasurement gains and losses	(145)	-	-
ACCUMULATED SURPLUS	\$ 212,514	\$ 219,652	\$ 214,804

CONTRACTUAL OBLIGATIONS AND COMMITMENTS (Note 19)

APPROVED BY THE BOARD OF DIRECTORS



Chair



Vice-Chair

STATEMENT OF OPERATIONS

year ended March 31 (in thousands of dollars)	Budget 2012	Actuals 2012	Actuals 2011
Revenue			
Net investment income (loss) (Note 15)	\$ 11,117	\$ 5,340	\$ (36,942)
Net Art Bank income (loss) (Note 16)	(32)	(372)	90
Other revenue	1,083	2,013	1,821
Total revenue	12,168	6,981	(35,031)
Expenses			
Programs			
Grants (Schedule 1)	155,264	157,304	154,532
Administration (Schedule 2)	13,354	12,967	13,244
Services	6,805	5,894	6,657
	175,423	176,165	174,433
Canadian Commission for UNESCO (Note 17)	2,314	2,003	2,168
General administration (Schedule 2)	16,050	16,231	16,297
Total expenses	193,787	194,399	192,898
Annual Deficit from operations before parliamentary appropriations	(181,619)	(187,418)	(227,929)
Parliamentary appropriations	181,761	180,958	181,277
ANNUAL SURPLUS (DEFICIT) FROM OPERATIONS	142	(6,460)	(46,652)
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF YEAR	219,119	219,119	265,771
ACCUMULATED SURPLUS FROM OPERATIONS, END OF YEAR	\$ 219,261	\$ 212,659	\$ 219,119

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

year ended March 31 (in thousands of dollars)

	Budget 2012	Actuals 2012	Actuals 2011
ANNUAL SURPLUS (DEFICIT) FROM OPERATIONS	\$ 142	\$ (6,460)	\$ (46,652)
Acquisition of tangible capital assets (Note 12)	(1,644)	(477)	(1,176)
Amortization of tangible capital assets (Note 12)	1,301	1,088	1,060
	(343)	611	(116)
Acquisition of prepaid expenses	-	(273)	(272)
Use of prepaid expenses	-	272	217
	-	(1)	(55)
Other comprehensive income (Note 3)	-	-	51,500
Net remeasurement losses	-	(678)	-
	-	(678)	51,500
INCREASE / (DECREASE) IN NET FINANCIAL ASSETS	(201)	(6,528)	4,677
NET FINANCIAL ASSETS, BEGINNING OF YEAR	216,612	216,612	211,935
NET FINANCIAL ASSETS, END OF YEAR	\$ 216,411	\$ 210,084	\$ 216,612

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

year ended March 31 (in thousands of dollars)

	Actuals 2012
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ 533
Unrealized gains (losses) attributable to:	
Derivatives	104
Portfolio investments	(6,597)
Amounts reclassified to the Statement of Operations:	
Derivatives	-
Portfolio investments	5,815
NET MEASUREMENT LOSSES FOR THE YEAR	(678)
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	\$ (145)

STATEMENT OF CASH FLOWS

year ended March 31 (in thousands of dollars)

	Actuals 2012	Actuals 2011
OPERATING TRANSACTIONS		
Annual deficit from operations	\$ (6,460)	\$ (46,652)
Losses from disposal of portfolio investments (Note 15)	8,243	4,207
Impairment on portfolio investments (Note 15)	-	58,925
Amortization of tangible capital assets (Note 12)	1,088	1,060
Increase in prepaid expenses	(1)	(55)
Increase in employee future benefits	627	159
Income transferred from Deferred revenues - Externally restricted contributions (Note 11)	(2,002)	(18,785)
Transfer to other revenues	(520)	-
Net change in other non-cash items (Note 18)	758	3,932
Cash provided by operating activities	1,733	2,791
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets (Note 12)	(477)	(1,176)
INVESTING TRANSACTIONS		
Acquisition of portfolio investments	(118,750)	(52,693)
Disposal of portfolio investments	118,165	47,818
Cash used by investing activities	(585)	(4,875)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	671	(3,260)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(2,234)	1,026
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (1,563)	\$ (2,234)
Represented by:		
Cash equivalents (Note 6)	\$ 18	\$ 340
Bank indebtedness	(1,581)	(2,574)
	\$ (1,563)	\$ (2,234)

Notes to the Financial Statements

March 31, 2012

1. AUTHORITY AND ACTIVITIES

The Canada Council for the Arts (the "Council"), established by the *Canada Council Act* in 1957 and subsequently amended in 2001 by Bill C-40 to the *Canada Council for the Arts Act*, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with section 85(1.1) of the *Financial Administration Act*, the Council is exempt from Divisions I to IV of Part X of this Act, except for subsection 105(2) and sections 113.1 and 119 of Division II, sections 131 to 148 of Division III and section 154.01 of Division IV. The Council is a Crown corporation whose objectives are to foster and promote the study and enjoyment of and the production works in the arts.

The Council achieves its objectives primarily through grant programs to professional Canadian artists and arts organizations. The Council incurs administration and services expenses in the delivery of programs. Program administration expenses represent the direct costs of program delivery. Program services expenses represent costs incurred for non-grant activities in fulfillment of the Council's mandate and costs associated with the adjudication of grants. General administration costs represent the costs related to corporate management, communications, human resources, information management, finance, accommodation and amortization.

The *Canada Council for the Arts Act* assigns the Council with the functions and duties for the Canadian Commission for UNESCO (the "Commission"). The Commission advises the Government of Canada on its relations with the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Commission also fosters co-operation between Canadian organizations in civil society and UNESCO.

- The March 31, 2011 and the April 1, 2010 Balance Sheets have been replaced by a Statement of Financial Position, segregating financial and non-financial assets as well as the net financial assets (financial assets less liabilities) of the Council; and accumulated surplus/deficit at the Statement of Financial Position date.
- The Statement of Operations and Statement of Comprehensive Income for the year ended March 31, 2011 have been replaced by the Statement of Operations and the Statement of Remeasurement Gains and Losses. The Statement of Operations reports earned revenues, realized gains and losses and incurred expenses. A comparison of the current year results with the original comparative budget is disclosed for this statement. The Statement of Remeasurement Gains and Losses reports unrealized gains and losses and reclassification upon realization for changes in fair value of the non-restricted portfolio investment as required per PS 3450 *Financial Instruments*.
- The Statement of Changes in Equity has been replaced by the Statement of Change in Net Financial Assets, which represents the expenditures of a public sector reporting entity less revenue, as well as acquisitions of tangible capital assets and other items explaining the difference between the surplus/deficit of the year and the change in net financial assets for the year. A comparison of the current year results with the approved budget is also required and disclosed.

The Council has elected to use the following exemptions under PS 2125, *First Time Adoption by Government Organizations*:

RETIREMENT AND POST-EMPLOYMENT BENEFITS

Under *Retirement Benefits*, Section PS 3250, for defined benefit plans, and under *Post-employment Benefits, Compensated Absences and Termination Benefits*, Section PS 3255, accrued benefit obligations, post-employment benefits and compensated absences are determined by a government organization by applying a discount rate with reference to its plan asset earnings or with reference to its cost of borrowing. Retroactive application of these Sections requires a government organization to recalculate accrued benefit obligations, post-employment benefits and compensated absences at the time of transition to Public Sector Accounting Standards. However, a first-time adopter may elect to delay application of these Sections relative to the discount rate used until the date of their next actuarial valuation or within three years of the transition date to Public Sector Accounting Standards, whichever is sooner. If a first-time adopter uses this election, it shall apply it to all plans.

TANGIBLE CAPITAL ASSET IMPAIRMENT

Tangible Capital Assets, Section PS 3150, indicates the conditions when a write-down of a tangible capital asset should be accounted for. A first-time adopter need not comply with those requirements for write-downs of tangible capital assets that were incurred prior to the date of transition to Public Sector Accounting Standards. If a first-time adopter uses this exemption, the conditions for a write-down of a tangible capital asset in Section PS 3150 are applied on a prospective basis from the date of transition.

TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS

For financial statements issued prior to 2011-12, the Council classified itself as a Government Business-Type Organization ("GBTO") and followed the recommendations of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook - Part V ("CGAAP"). In October 2009, the Public Sector Accounting Board ("PSAB") determined that the category would cease to exist for fiscal years beginning on or after January 1, 2011, and GBTOs were required to reclassify themselves in accordance with PSA Standards. In accordance with recommendations of the Public Sector Accounting Handbook, the Council has determined that it is an "other government organization" ("OGO") and has determined that Public Sector Accounting Standards ("PSAS") is the most appropriate framework for reporting purposes. The Council has adopted PSAS for its fiscal year beginning April 1, 2011.

The adoption of PSAS is accounted for by retroactive application with restatement of prior years, except for the accounting standards contained in PS 2601 and PS 3450 as these standards specifically prohibit retroactive application. The following is a summary of the main qualitative differences for the Council between its previous and current financial statements:

The following tables present the reconciliation of account balances and transactions from the previous reporting framework to the current method of presentation (certain amounts have been reclassified to conform to the presentation adopted in 2011-2012):

a) Reconciliation of the April 1, 2010 Statement of Financial Position

(in thousands of dollars)		CICA Accounting Handbook - Part V	Adjustments	PSA Standards
Statement of Financial Position				
Financial Assets				
Cash equivalents	\$	4,501	\$ -	\$ 4,501
Accounts receivable		1,669	-	1,669
Derivatives		3,761	-	3,761
Portfolio investments		265,554	-	265,554
Total financial assets		275,485	-	275,485
Liabilities				
Bank indebtedness		3,475	-	3,475
Grants payable		26,452	-	26,452
Accounts payable and accrued liabilities		2,971	-	2,971
Deferred parliamentary appropriations		37	-	37
Deferred revenues		2,452	-	2,452
Derivatives		13	-	13
Deferred revenues - Externally restricted contributions		-	24,699	24,699
Employee future benefits		2,192	1,259	3,451
Total liabilities		37,592	25,958	63,550
Net financial assets		237,893	(25,958)	211,935
Non-financial assets				
Tangible capital assets		2,651	-	2,651
Works of art and musical instruments		20,710	(20,709)	1
Prepaid expenses		217	-	217
Total non-financial assets		23,578	(20,709)	2,869
Accumulated surplus	\$	261,471	\$ (46,667)	\$ 214,804
Accumulated surplus is comprised of:				
Accumulated surplus from operations	\$	250,170	\$ 15,601	\$ 265,771
Accumulated other comprehensive income		11,301	(62,268)	(50,967)
	\$	261,471	\$ (46,667)	\$ 214,804

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1 The Council has reclassified the Original Principal from Externally restricted contributions from accumulated other comprehensive surplus/deficit to accumulated surplus from operations and the portion related to deferred income to liabilities in accordance with PSAS 3100 "Restricted Assets and Revenues"

2 Recognition of additional employee future benefits as per Note 5.

3 The Council has reversed previously recorded purchase and "in-kind" contributions of works of art and musical instruments since PSAS 3150 "Tangible Capital Assets" does not allow the recognition thereof

b) Reconciliation of the March 31, 2011 Statement of Financial Position

(in thousands of dollars)		CICA Accounting Handbook - Part V	Adjustments	PSA Standards
Statement of Financial Position				
Financial Assets				
Cash equivalents	\$	340	\$ -	\$ 340
Accounts receivable		2,395	-	2,395
Derivatives		300	-	300
Portfolio investments		279,232	-	279,232
Total financial assets		282,267	-	282,267
Liabilities				
Bank indebtedness		2,574	-	2,574
Grants payable		25,927	-	25,927
Accounts payable and accrued liabilities		4,900	-	4,900
Deferred parliamentary appropriations		-	-	-
Deferred revenues		2,108	-	2,108
Derivatives		187	-	187
Deferred revenues - Externally restricted contributions		-	26,349	26,349
Employee future benefits		2,291	1,319	3,610
Total liabilities		37,987	27,668	65,655
Net financial assets		244,280	(27,668)	216,612
Non-financial assets				
Tangible capital assets		2,767	-	2,767
Works of art and musical instruments		20,729	(20,728)	1
Prepaid expenses		272	-	272
Total non-financial assets		23,768	(20,728)	3,040
Accumulated surplus	\$	268,048	\$ (48,396)	\$ 219,652
Accumulated surplus is comprised of:				
Accumulated surplus from operations		203,597	15,522 ¹	219,119
Accumulated other comprehensive income		64,451	(63,918) ¹	533
	\$	268,048	\$ (48,396)	\$ 219,652

The Council has reclassified the Original Principal from Externally restricted contributions from accumulated other comprehensive surplus/deficit to accumulated surplus from operations and the portion related to deferred income to liabilities in accordance with PSAS 3100 "Restricted Assets and Revenues"

Recognition of additional employee future benefits as per Note 5.

The Council has reversed previously recorded purchase and "in-kind" contributions of works of art and musical instruments since PSAS 3150 "Tangible Capital Assets" does not allow the recognition thereof.

Purchases of works of art and musical instruments are now expensed in the Statement of Operations.

c) Reconciliation of the March 31, 2011 Statement of Operations

(in thousands of dollars)		CICA Accounting Handbook - Part V	Adjustments	PSA Standards
Statement of Operations				
Revenue				
Net investment loss	\$	(36,942)	\$	(36,942)
Net Art Bank income		158	(68)	90
Other revenue		1,821	-	1,821
Total revenue		(34,963)	(68)	(35,031)
Expenses				
Programs		174,433		174,433
Canadian Commission for UNESCO		2,168		2,168
General administration		16,237	60	16,297
Total expenses		192,838	60	192,898
Annual deficit from operations before parliamentary appropriations		(227,801)	(128)	(227,929)
Parliamentary appropriations		181,277		181,277
Annual deficit from operations	\$	(46,524)	\$	(46,652)

d) Statement of Other Comprehensive Income (OCI) as of March 31, 2011

This Statement no longer exists under PSAS. The portion related to Available-for-sale financial assets has been transferred under Accumulated Surplus in the Statement of Financial Position (see Note 14). The portion related to restricted

contributions from non-owners has been transferred to Deferred revenues - Externally restricted contributions in the Liability section of the Statement of Financial Position (see Note 11).

(in thousands of dollars)		2011
Net results for the year	\$	(46,524)
Other comprehensive income		
Available-for-sale financial assets		
Unrealized gains on unrestricted available-for-sale financial assets during the year		5,751
Reclassification to the statement of operations of realized losses in the year		45,749
Net change in unrealized income in available-for-sale financial assets		51,500
Restricted contributions from non-owners		
Unrealized gains on contributions from non-owners during the year		2,116
Reclassification to the statement of operations of realized losses in the year		18,319
Net investment (loss) income attributed to non-owners		(15,961)
Use of funds attributed to non-owners		(2,824)
Net change in unrealized income in contributions from non-owners		1,650
Comprehensive income for the year	\$	6,626

3. ADOPTION OF NEW ACCOUNTING STANDARDS

PORTFOLIO INVESTMENTS

As of April 1, 2011, the Council early adopted PSA Handbook Section 3041, *Portfolio Investments*. This Section establishes standards on how to account for and report portfolio investment. This standard is applicable to the fiscal year in which PSA Handbook Sections 2601, *Foreign Currency Translation*, 3450, *Financial Instruments* and 1201, *Financial Statement Presentation* are adopted. The standard refers to 3450, *Financial Instruments* for recognition and measurement of investments held by the Council. Other than previously stated in this Note, there were no significant impacts of adopting this standard for the year ended March 31, 2012.

FINANCIAL INSTRUMENTS

As at April 1, 2011, the Council early adopted PSA Handbook Section 3450, *Financial Instruments*. This new standard provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the government organization immediately preceding its adoption of Public Sector Accounting Standards.

Consequently, unrealized gains and losses reported in the Statement of Financial Position for April 1, 2010 and March 31, 2011 remain in accumulated other comprehensive income. The Council has presented this balance in the Accumulated Surplus section. The impacts of the adoption of these new standards are as follows:

The Council now discloses a Statement of Re-measurement Gains and Losses which reports a total of \$678,000. This amount represents unrealized gains and losses and reclassification upon realization for changes in fair value of the non-restricted portfolio investment for the year ended March 31, 2012.

The Statement of Financial Position discloses accumulated remeasurement losses of \$145,000 as at March 31, 2012. This amount includes an opening balance of \$533,000 which corresponds to the March 31, 2011 ending balance of the accumulated other comprehensive income.

As the Council previously recorded its derivatives and portfolio investments at fair value, there were no other quantitative impacts on the Statement of Financial Position.

The Council has previously disclosed in its prior financial statements the various risks related to financial instruments. Note 4 and Note 8 to the March 31, 2011 CGAAP financial statements provide the information required by this new Standard.

FOREIGN CURRENCY

As of April 1, 2011, the Council early adopted PSA Handbook Section 2601, *Foreign Currency Translation*. This revised standard establishes standards on how to account for and report transactions that are denominated in a foreign currency. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the government organization immediately preceding its adoption of Public Sector Accounting Standards. Other than disclosed above under Financial Instruments, there was no impact adopting this standard.

FINANCIAL STATEMENT PRESENTATION

As of April 1, 2011, the Council early adopted PSA Handbook Section 1201, *Financial Statement Presentation*. This Section establishes general reporting principles and standards for the disclosure of information in financial statements. This standard is applicable to fiscal years that PSA Handbook Sections 2601, *Foreign Currency Translation* and 3450, *Financial Instruments* are adopted. Other than previously stated in this Note, there were no significant impacts adopting this standard for the year ended March 31, 2012.

GOVERNMENT TRANSFERS

As of April 1, 2011, the Council early adopted revised PSA Handbook Section 3410, *Government Transfers*. This revised standard establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. The Council has elected to apply the requirements of the revised standard on a prospective basis. As such, the adoption of this revised standard did not have an impact on the Council's comparative figures but required additional disclosures in the notes.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Council considers itself to be an OGO. These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as promulgated by the Canadian Institute of Chartered Accountants ("CICA"). Previously, the Council's financial statements were prepared in accordance with Part V of the CICA Handbook (Pre-changeover Accounting Standards).

The Council's significant accounting policies are as follows:

FINANCIAL INSTRUMENTS

All financial instruments are initially measured at fair value. The following table identifies the Council's financial assets and liabilities and identifies how they are subsequently measured:

Financial asset or liability	Subsequent measurement
Cash equivalents	Fair value
Accounts receivable	Amortized cost
Portfolio investments	Fair value
Derivatives	Fair value
Bank indebtedness	Fair value
Grants payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

CASH EQUIVALENTS

Cash equivalents represent short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents on the Council's Statement of Financial Position comprise units in a short-term pooled fund. Distributed income is recorded on an accrual basis and is recognized in the Statement of Operations under net investment income in the year in which it is earned.

DERIVATIVES

Derivatives are recognized at fair value on the Statement of Financial Position. Derivatives with a positive (negative) fair value are reported as assets (liabilities). As of April 1, 2011, all unrealized changes in the fair value of derivatives are recognized on the Statement of Remeasurement Gains and Losses under derivatives in the year in which they occur, except for the restricted portion which is recognized as a liability under Deferred revenues - Externally restricted contributions. Once realized, these gains and losses are recognized in the Statement of Operations.

PORTFOLIO INVESTMENTS

Portfolio investments are reported at fair value. Unrealized changes in the fair value of portfolio investments are recognized in the Statement of Remeasurement Gains and Losses, except for the restricted portion which is recognized as a liability under Deferred revenues - Externally restricted contributions. Once realized, the cumulative gain or loss previously recognized in the Statement of Remeasurement Gains and Losses are recorded in net investment income on an average cost basis for the year. The realized gains and losses on externally restricted contributions are recognized in accordance with the externally restricted contributions accounting policy. Purchases and dispositions of portfolio investments are recorded on the trade date. Management fees paid are expensed in the year.

TANGIBLE CAPITAL ASSETS

Office equipment and leasehold improvements are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method, over the estimated useful lives of the assets as follows:

Office equipment	5 years
Leasehold improvements	remaining term of the lease

WORKS OF ART AND MUSICAL INSTRUMENTS

Works of arts and musical instruments, which have cultural and historical value are recorded at nominal value in the Statement of Financial Position as a reasonable estimate of the future benefits associated with such assets cannot be made. Refer to Note 13 for disclosure of the nature of the works of art and musical instruments held by the Council.

EMPLOYEE FUTURE BENEFITS

i) Severance benefits

In previous years, employees were entitled to severance benefits, as provided for under conditions of employment and the collective agreement. The costs of these benefits were accrued as the employees rendered the services necessary to earn them. The liability was calculated based on management's best estimates and assumptions, on the employee's salary and number of years of service as at March 31. The benefit used to be calculated as follows:

For employees who had attained the age of 50, with one year or more of continuous service, one week's salary was calculated for each completed year of continuous service up to a maximum of 28 weeks. For employees who had not attained the age of 50, with one or more years of service, one-half of one week's salary was calculated for each completed year of continuous service up to a maximum of 26 weeks. Term employees who had 12 consecutive months of continuous service were entitled to either two days pay for each completed year of continuous service or five days pay, whichever is greater.

In February 2012, a new collective agreement was signed and the decision to terminate this benefit was made. The agreed calculation to determine the obligation was as follows:

All employees with 10 years or more of service as at June 30, 2012 shall be entitled to a severance payment equal to one week's pay for each complete year of continuous employment and, in the case

of partial year of continuous employment, one week's pay multiplied by the number of days of continuous employment divided by 365, to a maximum of 28 weeks. All employees with less than ten years of services and more than one year of service as of June 30, 2012 shall be entitled to a severance payment equal to two week's pay. All part-time employees with less than 10 years of service as at June 30, 2012 shall be entitled to a severance equal to one week's pay

Since the severance benefits were terminated, the Council did not complete an actuarial valuation for this benefit as the obligation has already been determined.

ii) Retiree's benefits

The Council provides extended health care and dental benefits to its current and retired employees. Retirees pay 50% of the extended health care premium and 100% of the dental premium. The Council accrues its obligations as the employees render the services necessary to earn these benefits. The cost of these benefits earned by employees has been estimated using the accrued benefit method (Unit Credit). The first estimated valuation of these benefits was as at March 31, 2012, and the first full valuation will be as at March 31, 2013.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are amortized over the average remaining service period of active employees.

Adjustments arising from plan amendments, experience gains and losses, and changes in assumptions are amortized over the expected average remaining service period of the employee groups. The average remaining service period of the active employees covered by the benefit plans is 10 years.

iii) Pension benefits

Substantially all of the employees of the Council are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Council to cover current service cost. Pursuant to legislation currently in place, the Council has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Council.

DEFERRED REVENUES - EXTERNALLY RESTRICTED CONTRIBUTIONS

Externally restricted income is recognized as revenue in the financial statements in the year in which the resources are used for the purpose or purposes specified. An externally restricted inflow, excluding original principal, received before this criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

ENDOWMENT PRINCIPAL - EXTERNALLY RESTRICTED CONTRIBUTIONS

Externally restricted contributions consist of private endowments and restricted donations received by the Council that are required to be maintained intact. They are reported under Accumulated Surplus from Operations.

RESERVE FOR EXCESS INVESTMENT INCOME

This reserve represents the sum of excess investment income since the establishment of the Council in 1957 and is presented as a separate internal reserve within the accumulated surplus from operations (see Note 14). In years when net investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the accumulated surplus (deficit) from operations to the reserve for excess investment income. In years when net investment income is less than the amount

of net budgeted investment income, an amount may be transferred to the accumulated surplus (deficit) from operations from the reserve for excess investment income. These transfers are approved by the Board.

REVENUE RECOGNITION

i) Parliamentary appropriations

Parliamentary appropriations are considered government transfers and are recognized as revenue in the year for which they are approved by Parliament. Parliamentary appropriations for specific projects are deferred and recognized on the Statement of Operations in the year in which the related expenses are incurred. Parliamentary appropriations are mainly used for operations.

ii) Contributions

The Council receives contributions that are externally restricted for specific purposes by the donors.

Externally restricted contributions that are to be held to perpetuity are recognized as revenue in the year in which they are received. The externally restricted contributions that are not held to perpetuity and realized and unrealized gains and losses for the associated externally restricted investment income, are recognized as a liability until the resources are used for their specified purpose, at which time the contributions are recognized as revenue.

Unrestricted contributions are recognized as other revenue in the year received or in the year the funds are committed to the Council if the amount can be reasonably estimated and collection is reasonably assured.

In-kind contributions are recorded at their fair value when they are received.

iii) Art Bank rental income

Revenues generated from the rental of works of art are recognized in the year in which services are provided. They are included in net Art Bank income.

iv) Other revenues

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years.

v) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect at the date of the Statement of Financial Position. Revenue and expense items are translated at exchange rates prevailing throughout the year. As of April 1, 2011, unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses, except for the restricted portion which is recognized as a liability under Deferred revenues - Externally restricted contributions. Once realized, the cumulative gain or loss are recognized in net investment income.

GRANTS

Grants are considered to be a government transfer. They are recorded as an expense in the year for which they are budgeted and approved by the Board and authority to pay has been obtained through the Appropriation Act.

OPERATING LEASES

The Council enters into operating leases for its office accommodation which are recorded on a straight-line basis over the term of the lease. Lease inducements are recorded as a reduction to the office accommodation expense on a straight-line basis over the term of the lease.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect

the reported amounts of assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting year. Employee-related liabilities, the estimated useful lives of capital assets and the fair value of financial instruments are the most significant items where estimates are used. Actual results could differ from those estimated.

BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board.

CORRECTION OF RETIREES' BENEFITS

The Council provides extended health care benefits to retirees. The cost of providing this benefit has been expensed annually up to 2010. The Council has determined that this benefit should have been accounted for in previous years in accordance with CICA Handbook Section 3461 - *Employee Future Benefits* and PS 3255 - *Post-Employment Benefits*. These standards require the recognition of the liability on the Statement of Financial Position and the recognition of an annual expense based on the costs incurred and change in the liability during the year.

Consequently, the 2011 opening accumulated surplus has been charged with \$1,259,000, being the estimated actuarially determined liability as of that date. The employee future benefits on the April 1, 2010 financial position were accordingly increased by \$1,259,000. The 2011 salaries and benefits previously reported have been restated to recognize an additional expense of \$60,000 related to this benefit. At March 31, 2011, the employee future benefits were increased by \$60,000.

CASH EQUIVALENTS

The Council invests its cash in excess of daily requirements in a short-term pooled fund managed by State Street Global Advisors. All instruments held in the pooled funds are rated R1 (low) or A (low) or better as rated by a recognized bond rating agency. These funds are comprised of securities issued by different levels of government, chartered banks and corporate issuers. Except for instruments guaranteed by governments, no more than 10% of the short-term portfolio is invested with any one issuer. The Council's investment in the pooled fund was \$18,000 at March 31, 2012 (2011 - \$340,000; April 1, 2010 - \$4,501,000).

DERIVATIVES

The use of derivatives is limited to foreign currency forward contracts. The Council currently uses foreign currency forward contracts that represent commitments to purchase or sell foreign currencies for delivery at a specific date in the future at a fixed rate to manage its foreign currency exchange risk. These contracts are typically for a one-month period.

The Council enters into foreign currency forward contracts to manage its exposure to foreign currency exchange risk on the non-Canadian dollar denominated portion of its investment portfolio, except for the emerging market component which was unhedged and represented approximately 0.9% (2011 - 3.3%; April 1, 2010 - 2.7%) of the investment portfolio. The hedge strategy allows hedging of the designated assets within a range of 30% to 70% of the foreign exposure.

Foreign currency forward contracts have notional amounts that serve as points of reference for calculating payments and are not the actual amounts that are exchanged. These amounts are not recorded on the Statement of Financial Position, as they do not represent their fair value. As at March 31, 2012, the Council held foreign currency forward contracts, for settlement on May 2, 2012, with a total notional amount of \$40,721,000 (2011 - \$53,719,000; April 1, 2010 - \$63,909,000) as follows:

(in thousands of dollars)

Currency	2012			2011			2010		
	Forward rate	Notional amount \$	Fair value \$	Forward rate	Notional amount \$	Fair value \$	Forward rate	Notional amount \$	Fair value \$
US dollar	1.000	18,841	15	1.027	27,894	(25)	0.986	33,694	(8)
Euro	0.751	6,334	(14)	0.724	11,401	(110)	0.728	15,870	-
Switzerland Francs	0.904	4,694	(17)	0.940	1,754	(18)	1.037	1,433	-
British Pound	0.626	4,516	(24)	0.641	4,164	(4)	0.650	7,145	(3)
Japanese Yen	82.271	3,006	9	85.124	3,657	(12)	92.075	3,392	(1)
Other assets	4.510	1,489	1	83.467	1,464	5	1.226	883	-
Other liabilities	4.440	1,841	(7)	4.644	3,385	(17)	6.868	1,492	(1)

† The notional amount represents the Council's exposure to those currencies as per its dynamic hedging strategy.

The fair value of outstanding foreign exchange forward contracts reflect the potential gain/loss if trading were to take place on March 31, 2012.

The realized gain of \$146,000 on foreign currency forward contracts that matured on March 31, 2012, but were only settled after the date of the statement of financial position are recorded with the Derivatives asset.

The breakdown is as follows:

(in thousands of dollars)	2012	2011	April 1, 2010
Assets			
Derivatives	25	5	-
Realized gain on forwards contracts	146	295	3,761
	171	300	3,761
Liabilities			
Derivatives	(62)	(187)	(13)

The net investment income includes a net foreign currency loss for the year of \$621,000 (2011 gain - \$757,000).

8. PORTFOLIO INVESTMENTS

(in thousands of dollars)

	2012					2011					2010			
	Cost \$	Unrealized losses \$	Unrealized gains \$	Fair Value \$		Cost \$	Fair Value \$				Cost \$	Fair Value \$		
<i>Canada Council Endowment and Special Funds</i>														
Pooled funds														
Equity	100,890	2,152	1,049	99,787	46.3	107,242	109,355	49.3			149,358	96,339	45.5	
Fixed income	73,311	863	-	72,448	33.6	73,309	70,734	31.8			52,181	50,198	23.7	
Alternatives	20,017	-	1,839	21,856	10.1	20,017	21,589	9.7			26,622	26,838	12.7	
Money market	5,589	-	-	5,589	2.6	5,788	5,788	2.6			26,135	26,135	12.4	
Real estate	8,666	313	914	9,267	4.3	7,769	8,049	3.6			6,027	5,764	2.7	
Infrastructure	7,208	451	-	6,757	3.1	7,208	6,694	3.0			6,525	6,325	3.0	
	215,681	3,779	3,802	215,704	100.0	221,333	222,209	100.0			266,848	211,599	100.0	
<i>Killam Funds</i>														
Pooled funds														
Equity	25,785	550	268	25,503	46.6	27,692	28,231	49.4			39,930	24,896	46.1	
Fixed income	18,606	236	-	18,370	33.5	18,605	17,934	31.5			13,183	12,666	23.5	
Alternatives	5,149	-	469	5,618	10.3	5,150	5,550	9.7			6,831	6,884	12.8	
Money market	737	-	-	737	1.3	1,071	1,071	1.9			6,049	6,049	11.2	
Real estate	2,318	81	250	2,487	4.5	2,079	2,154	3.8			1,561	1,492	2.8	
Infrastructure	2,243	140	-	2,103	3.8	2,243	2,083	3.7			2,030	1,968	3.6	
	54,838	1,007	987	54,818	100.0	56,840	57,023	100.0			69,584	53,955	100.0	
Total investments	\$ 270,519	\$ 4,786	\$ 4,789	\$ 270,522		\$ 278,173	\$ 279,232				\$ 336,432	\$ 265,554		

Unrealized gains/losses on investments are primarily due to the timing of the market prices, foreign exchange movements, or the early years in the business cycle for some investments. Annually, the Council assesses each of its investment instruments against specific criteria to determine whether there is objective evidence that the adjusted cost may not be recovered and is therefore impaired. The Council does not consider these investments to be other-than-temporarily impaired as at March 31, 2012. (In 2011, the Council recorded an impairment of \$58.9 million related to its two Global Equity pooled funds and in 2010 an impairment of \$6.5 million related to its US Real Estate pooled fund)

The Council manages two separate portfolios, the Canada Council Endowment and Special Funds and the Killam Funds. The Killam Trustees requested that their donation be invested separately. Apart from the Killam Fund, all other externally restricted contributions are consolidated into the Canada Council Endowment and Special Funds and represent

8.15% (2011 - 8.24% ; 2010 - 8.24%) of that Fund with a total fair value of \$17,580,000 (2011 - \$18,310,000; 2010 - \$17,436,000). The total fair value of the externally restricted investment including the Killam Fund is \$72,398,000 (2011 - \$75,333,000; 2010 - \$71,391,000).

The long-term objectives of the Canada Council Endowment and Special Funds and the Killam Funds are to generate long-term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital

The Council invests in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund. The permitted and prohibited investments as well as the asset mix are governed by a Board approved investment policy. All of the investments are managed by professional investment managers.

The Council manages its portfolio to the following benchmarks adopted by the Board in January 2012. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset Classes	Actual Market Value	Minimum	Benchmark	Maximum
Canadian equities	10%	5%	10%	15%
Global equities	36%	25%	35%	45%
Fixed income	34%	25%	35%	40%
Alternatives	10%	5%	10%	15%
Real estate	4%	0%	5%	7%
Infrastructure	3%	0%	5%	7%
Money market	3%	0%	0%	15%

The money market asset class includes short-term pooled funds used for capital committed to future investment in limited partnership units of real estate and infrastructure funds. These funds had a balance of \$6,326,000 (2011 - \$6,859,000; April 1, 2010 - \$32,184,000). For the year ended March 31, 2012, these funds earned a return of 1.31% (2011 - 1.4%; April 1, 2010 - 0.25%) and the underlying investments had an average weighted term to maturity of 31 days (2011 - 32 days; April 1, 2010 - 19 days).

Investments in the equity pooled funds are comprised of units of three pooled funds, one Canadian fund and two funds that are invested in the global equity markets. The Canadian equities are measured against the returns of the Standard and Poor's Toronto Stock exchange Index. The global equities are measured against the returns of the Morgan Stanley Capital International World Hedge Index. Investments in the fixed income pooled fund are comprised of Canadian Government and corporate bonds with a minimum credit quality of BBB or equivalent rated by a recognized bond rating agency. The fixed income fund is intended to replicate the returns of the DEX Universe Bond Index. Investments in the alternative pooled funds are comprised of units of two hedge funds with diversified positions across global asset classes. These investments are measured against the returns of the Scotia Capital 91-day T-bill plus 20%. The assets included in the real estate funds are commercial real estate properties in Canada and the United States. These investments are measured against the returns of the Investment Property Databank for the Canadian managers and the National Council of Real Estate Investment Fiduciaries (NCREIF) for the US manager. The infrastructure fund includes a portfolio of diversified infrastructure investments. These investments are measured against the Consumer Price Index plus 4.5%.

5 FINANCIAL RISKS AND FAIR VALUE

At March 31, the measurement categories of the Council's financial instruments, as well as their carrying amounts and fair values are as follows:

(in thousands of dollars)		2012	2011	2010
Financial assets and liabilities classifications	Measurement categories	Carrying Amount and Fair Value (\$)	Carrying Amount and Fair Value (\$)	Carrying Amount and Fair Value (\$)
Cash equivalents	Fair value	18	340	4,501
Accounts receivable	Amortized cost	2,144	2,395	1,669
Derivatives net	Fair value	109	113	3,748
Portfolio Investments	Fair value	270,522	279,232	265,554
Bank indebtedness	Fair value	1,581	2,574	3,475
Grants payable	Amortized cost	27,760	25,927	26,452
Accounts payable and accrued liabilities	Amortized cost	3,710	4,900	2,971

The detailed fair value for the investments is listed in Note 8.

a) Establishing fair value

The carrying value of accounts receivable, grants payable and accounts payable and certain accrued liabilities approximates their fair values due to their short-term maturity.

The fair value of derivative instruments is calculated using the current market spot and the forward exchange rates at year end (see Note 7).

The fair values of the investments are determined as follows:

Pooled fund investments are valued at the unit values supplied by the pooled fund managers, which represent the Council's proportionate share of the underlying net assets at fair values, determined using closing market prices.

The Alternatives are pooled fund investments which are valued at the unit values supplied by the pooled fund managers. The fund manager manages multiple funds strategies within the fund and determines the unit's fair value using the closing market prices for some strategies when available or using valuation model with non-observable data for other strategies.

Real estate investment values are supplied by the fund managers using independently audited appraisals which are based on a valuation

model with non-observable data. The independently audited appraisals are obtained annually.

Infrastructure investment values are supplied by the fund managers using internally determined appraisals. The appraisals are based on a valuation model with non-observable data.

b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value

The following table presents the financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:

Financial assets at fair value as at March 31

(in thousands of dollars)	2012				2011				2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents	-	18	-	18	-	340	-	340	-	4,501	-	4,501
Derivatives	171	-	-	171	300	-	-	300	3,761	-	-	3,761
	171	18	-	189	300	340	-	640	3,761	4,501	-	8,262
Portfolio Investments												
<i>Canada Council</i>												
<i>Endowment and</i>												
<i>Special Funds</i>												
<i>Pooled Funds</i>												
Equity	-	99,787	-	99,787	-	109,355	-	109,355	-	96,339	-	96,339
Fixed Income	-	72,448	-	72,448	-	70,734	-	70,734	-	50,198	-	50,198
Alternatives	-	-	21,856	21,856	-	-	21,589	21,589	-	-	26,838	26,838
Money Market	-	5,589	-	5,589	-	5,788	-	5,788	-	26,135	-	26,135
Real Estate	-	-	9,267	9,267	-	-	8,049	8,049	-	-	5,764	5,764
Infrastructure	-	-	6,757	6,757	-	-	6,694	6,694	-	-	6,325	6,325
<i>Killam Funds</i>												
<i>Pooled Funds</i>												
Equity	-	25,503	-	25,503	-	28,231	-	28,231	-	24,896	-	24,896
Fixed Income	-	18,370	-	18,370	-	17,934	-	17,934	-	12,666	-	12,666
Alternatives	-	-	5,618	5,618	-	-	5,550	5,550	-	-	6,884	6,884
Money Market	-	737	-	737	-	1,071	-	1,071	-	6,049	-	6,049
Real Estate	-	-	2,487	2,487	-	-	2,154	2,154	-	-	1,492	1,492
Infrastructure	-	-	2,103	2,103	-	-	2,083	2,083	-	-	1,968	1,968
	-	222,434	48,088	270,522	-	233,113	46,119	279,232	-	216,283	49,271	265,554
Total	171	222,452	48,088	270,711	300	233,453	46,119	279,872	3,761	220,784	49,271	273,816

Financial liabilities at fair value as at March 31

(in thousands of dollars)	2012				2011				2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Bank indebtedness	1,581	-	-	1,581	2,574	-	-	2,574	3,475	-	-	3,475
Derivatives	62	-	-	62	187	-	-	187	13	-	-	13
Total	1,643	-	-	1,643	2,761	-	-	2,761	3,488	-	-	3,488

During the year, there were no significant transfers of amounts between Level 1 and 2.

The following table reconciles the changes in fair value of financial instruments classified as Level 3 during the year:

(in thousands of dollars)

	2012				2011				2010			
	Alternative funds	Real estate funds	Infra-structure funds	Total	Alternative funds	Real estate funds	Infra-structure funds	Total	Alternative funds	Real estate funds	Infra-structure funds	Total
<i>Canada Council Endowment and Special Funds</i>												
Opening balance	21,589	8,049	6,694	36,332	26,838	5,764	6,325	38,927	26,012	8,985	3,329	38,326
Total gains or losses												
• recognized in re-measurement statement	245	295	58	598	-	-	-	-	-	-	-	-
• recognized in other comprehensive income	-	-	-	-	1,244	499	(288)	1,455	758	975	(251)	1,482
• recognized in externally restricted contributions	22	26	5	53	112	45	(26)	131	68	88	(22)	134
Purchases/Issues	-	897	-	897	(6,605)	1,741	683	(4,181)	-	926	3,269	4,195
Impairment	-	-	-	-	-	-	-	-	-	(5,210)	-	(5,210)
Closing balance	21,856	9,267	6,757	37,880	21,589	8,049	6,694	36,332	26,838	5,764	6,325	38,927
<i>Killam Funds</i>												
Opening balance	5,550	2,154	2,082	9,786	6,884	1,492	1,968	10,344	6,676	2,300	1,036	10,012
Total gains or losses												
• recognized in re-measurement statement	-	-	-	-	-	-	-	-	-	-	-	-
• recognized in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
• recognized in externally restricted contributions	68	95	21	184	347	144	(98)	393	208	278	(85)	401
Purchases/Issues	-	238	-	238	(1,681)	518	212	(951)	-	253	1,017	1,270
Impairment	-	-	-	-	-	-	-	-	-	(1,339)	-	(1,339)
Closing balance	5,618	2,487	2,103	10,208	5,550	2,154	2,082	9,786	6,884	1,492	1,968	10,344

c) Risk management

The Council is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (price risk, interest rate risk and currency risk). The long term goal of the Council's investment policy is to produce long term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital. This policy allows the use of certain derivative financial instruments.

In order to manage risk, the Council invests in a diversified portfolio that is managed by professional investment managers. The Council's investments are guided by a Statement of Investment Policies and Goals which is approved by the Board and reviewed on an annual basis. The Council is assisted in the oversight and management of its portfolio by an Investment Committee that includes independent experts with experience in both the investment field and the asset classes being invested in. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work. As the investment markets continue to evolve, the Investment Committee recommends adjustments to the asset mix to minimize the overall risk of the portfolio.

i. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

At the Statement of Financial Position date, financial assets exposed to credit risk include cash equivalents, portfolio investments, accounts receivable and derivatives. The carrying amounts of these financial assets represent the maximum credit risk exposure at the Statement of Financial Position date.

Through its investments in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund, the Council is indirectly exposed to the credit risk of the underlying investments of those funds. These risks are managed at the investment manager level. Their objectives are to invest in high quality financial instruments with creditworthy counterparties, by limiting the amount that can be invested in any one counterparty and by using other limits set out in the Council's investment policy.

The majority of the Council's accounts receivables are due from the Government of Canada and, as such, have low credit risk. The Council mitigates credit risk through monitoring of the outstanding balances. As at March 31, 2012, there were no significant amounts past due and no impairment losses have been recognized.

The credit risks on derivatives are managed by contracting only with creditworthy counterparties that must satisfy two out of the three following ratings from external credit rating agencies: A3 for Moody's, A- for Standard & Poor's or A- for Fitch/IBCA.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due.

The Council receives most of its revenue by way of parliamentary appropriation from the Government of Canada. That revenue is temporarily invested in the short-term pooled fund until it is required.

The objectives of the Council with respect to the management of liquidity is to ensure that the capital value of its short-term pooled funds is preserved, that the investments are sufficiently liquid and that investment income is distributed in cash when possible.

The liquidity available from the short-term funds and portfolio investments ensures that the Council is able to meet its obligations and commitments. The majority of the investment portfolio can be redeemed within three days. As well, the permitted and prohibited investments are governed by Board-approved short-term and long-term investment policies which ensure that the liquidity risk is minimized.

The following table presents a maturity analysis based on historical data for the Council's financial assets and liabilities.

(in thousands of dollars)	2012 Total	No fixed maturity	Less than 3 years	2011 Total	No fixed maturity	Less than 3 years	2010 Total	No fixed maturity	Less than 3 years
FINANCIAL ASSETS									
Cash equivalents	18	-	18	340	-	340	4,501	-	4,501
Accounts receivable	2,144	-	2,144	2,395	-	2,395	1,669	-	1,669
Derivatives	171	-	171	300	-	300	3,761	-	3,761
Portfolio Investments	270,522	270,522	-	279,232	279,232	-	265,554	265,554	-
	272,855	270,522	2,333	282,267	279,232	3,035	275,485	265,554	9,931
FINANCIAL LIABILITIES									
Bank indebtedness	1,581	-	1,581	2,574	-	2,574	3,475	-	3,475
Grants payable	27,760	-	27,760	25,927	-	25,927	26,452	-	26,452
Accounts payable and accrued liabilities	3,710	-	3,710	4,900	-	4,900	2,971	-	2,971
Derivatives	62	-	62	187	-	187	13	-	13
	33,113	-	33,113	33,588	-	33,588	32,911	-	32,911

In the table above, investments are assets with no fixed maturity. The Council has an Investment Policy that enables it to withdraw amounts, during the year, from its investment portfolio valued up to 4.0% (2011 - 4.5%; 2010 - 4.5%) of the previous three-year average market value using balances at September 30, if needed.

iii. Market risks

The Council's activities are primarily exposed to price risk, interest rate risk and currency risk.

The investment managers' directives are to manage the Council's market risks on a daily basis in accordance with the Council's policies. The Council's overall market positions are monitored on a quarterly basis by the Board of Directors and the Investment Committee.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Council is exposed to market price risk arising from its investments in units of equity and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund.

Price sensitivity

The following details the Council's portfolio sensitivity to a 10.5% increase or decrease in the market prices, with 10.5% being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of a reasonably possible change in market prices.

The sensitivity rate is determined using the historical standard deviation for the total fund as determined by the investment advisor.

At March 31 2012, if market prices had a 10.5% (2011 - 10%; 2010 - 10%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses and deferred revenues - externally restricted contributions for the year would have been a total of \$28,471,000 (2011 - \$27,670,000; 2010 - \$26,750,000) due to the increase or decrease in the fair value of financial assets measured at fair value.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure of the Council arises from its interest bearing assets. The Council's cash includes amounts on deposit with a financial institution that earns interest at market rates. The objective of the Council is to manage its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Council's results of operations.

The Council's investments in short-term pooled funds, fixed income pooled fund and alternative pooled funds are indirectly affected by movements in their fair value as a result of fluctuations in market interest rates. The impact of the fluctuation cannot be assessed since Council holds units of pooled funds and not the underlying assets.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the Statement of Financial Position date, the Council's only monetary financial instruments exposed to foreign currency were the derivatives liability valued at \$62,000 (2011 - \$187,000; April 1, 2010 - \$13,000) and no exposure (2011 - NIL; April 1, 2010 - NIL) in cash equivalents. Given the small size of the foreign currency exposure compared with the total assets of the Council, currency risk is not considered significant.

10. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Substantially all of the employees of the Council are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Council. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 1.74% (1.86% for the prior year). Total contributions of \$2.1 million (2011 - \$2.0 million) were recognized as expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are indexed to inflation.

(in thousands of dollars)		2012	2011
Employer's contributions	\$	2,125	\$ 2,044
Employees' contributions		1,144	1,064

b) Severance benefits

The Council provided severance benefits to its employees based on years of service and final salary. These benefits were not pre-funded and thus had no assets, resulting in a plan deficit equal to the accrued benefit obligation. These benefits will no longer accrue as per the new collective agreement signed in February 2012. The total obligation will be paid from future appropriations or other sources of revenue. Information about the plan benefits, measured as at March 31, is as follows:

(in thousands of dollars)		2012	2011
Accrued benefit obligation, beginning of year	\$	2,291	\$ 2,192
Current service cost including amendments		615	254
Benefits paid during the year		(61)	(155)
Accrued benefit obligation, end of year	\$	2,845	\$ 2,291

c) Retirees benefits

The Council has defined post-retirement benefit plans covering certain employee groups. These plans provide extended health and dental benefits to retired employees. Retirees pay 50% of the extended health care premium and 100% of the dental premium. In 2011-12, the Council obtained its first estimated actuarial valuation therefore there are no actuarial gains and losses for the current year.

Reconciliation of Accrued Benefit Obligation

(in thousands of dollars)		Accrued Benefit Obligation	
March 31, 2010	\$		1,259
Current Service Cost			63
Interest Cost			43
Benefits Paid			(100)
Participant Contributions			54
March 31, 2011	\$		1,319
Current Service Cost			65
Interest Cost			46
Benefits Paid			(101)
Participant Contributions			63
March 31, 2012	\$		1,392

The significant actuarial assumptions adopted in estimating the accrued benefit obligations and net benefit costs are as follows:

	2012	2011	2010
Discount rate for calculation of net benefit costs	3.5%	3.5%	3.5%
Discount rate for calculation of accrued benefit obligation	3.5%	3.5%	3.5%
Dental costs rate increase	4.0%	4.0%	4.0%
Initial Health care cost trend rate increase - Prescription drugs	8.0%	8.0%	8.0%
Ultimate health care cost trend rate	4.0%	4.0%	4.0%
Year ultimate rate reached	2020	2020	2020

11. DEFERRED REVENUES - EXTERNALLY RESTRICTED CONTRIBUTIONS

The deferred revenues from externally restricted contributions consist of accumulated income received which has been deferred until the resources for the purpose or purposes specified by the endowment have been used. The restricted endowment principal of \$37,569,000 is required to be maintained intact and is reported under accumulated surplus from operations (see Note 14).

(in thousands of dollars)	2012		2011	
Balance, beginning of year	\$	26,349	\$	24,699
Transferred to investment income (Note 15)				
Net investment income		717		(15,961)
Use of funds		(2,719)		(2,824)
		(2,002)		(18,785)
Transfer to other revenues		(520)		-
Unrealized gains (losses) on portfolio investment		(2,700)		2,116
Reclassified to statement of operations		2,428		18,319
Unrealized gains on derivatives		39		-
Balance at end of year	\$	23,594	\$	26,349

The unrealized gains and losses on portfolio investment and derivatives are related to the change in fair value of those assets from the previous year.

12. TANGIBLE CAPITAL ASSETS

(in thousands of dollars)	Office equipment	Leasehold improvements	Total
<i>Cost</i>			
Opening balance at April 1, 2011	6,680	5,365	12,045
Acquisitions	438	39	477
Disposals	-	-	-
Write-downs	(2,420)	-	(2,420)
Closing balance at March 31, 2012	4,698	5,404	10,102
<i>Accumulated Amortization</i>			
Opening balance at April 1, 2011	5,106	4,172	9,278
Amortization expense	635	453	1,088
Disposals	-	-	-
Write-downs	(2,420)	-	(2,420)
Closing balance at March 31, 2012	3,321	4,625	7,946
Net carrying amount at April 1, 2011	1,574	1,193	2,767
Net carrying amount at March 31, 2012	1,377	779	2,156

(in thousands of dollars)	Office equipment	Leasehold improvements	Total
<i>Cost</i>			
Opening balance at April 1, 2010	6,290	5,365	11,655
Acquisitions	1,176	-	1,176
Disposals	-	-	-
Write-downs	(786)	-	(786)
Closing balance at March 31, 2011	6,680	5,365	12,045
<i>Accumulated Amortization</i>			
Opening balance at April 1, 2010	5,280	3,724	9,004
Amortization expense	612	448	1,060
Disposals	-	-	-
Write-downs	(786)	-	(786)
Closing balance at March 31, 2011	5,106	4,172	9,278
Net carrying amount at April 1, 2010	1,010	1,641	2,651
Net carrying amount at March 31, 2011	1,574	1,193	2,767

13. WORKS OF ART AND MUSICAL INSTRUMENTS

The Council's Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes over 17,500 paintings, sculptures, drawings, photographs and prints by over 3,141 artists. The Art Bank rents art works to interested parties and presently has over 4,100 (2011 - 5,140) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Council created the Musical Instrument Bank in 1985, and it presently owns a fine cello bow and six quality musical instruments. In addition, the Council manages ten instruments on loan, nine from anonymous donors and one from another donor.

Agreements are signed with the organizations that rent the works of art and with the individuals to whom the instruments are loaned. Those agreements include clauses that stipulate how the works of art or musical instruments are to be handled in order to safeguard them. The Council insures the works of art and the musical instruments for their fair value.

14. ACCUMULATED SURPLUS

(in thousands of dollars)

	2012		2011	
Accumulated surplus from operations				
Endowment - original contribution		\$ 50,000		\$ 50,000
Endowment Principal - Externally restricted contributions		37,569		37,569
Reserve for excess investment income				
Balance at beginning of the year	121,445		166,745	
Appropriated to the accumulated surplus during the year	(3,000)		(45,300)	
Balance at end of the year		118,445		121,445
Surplus				
Balance at beginning of the year	10,105		11,457	
Appropriated from the reserve for excess investment income during the year	3,000		45,300	
Deficit for the year	(6,460)		(46,652)	
Balance at end of the year		6,645		10,105
Total accumulated surplus from operations		212,659		219,119
Accumulated remeasurement gains (losses)				
Balance at beginning of the year	533		-	
Change in fair value	(678)		-	
Balance at end of the year		(145)		-
Accumulated other comprehensive income				
Balance at beginning of the year	-		(50,967)	
Comprehensive income for the year	-		51,500	
Balance at end of the year		-		533
Balance of accumulated surplus at end of year		\$ 212,514		\$ 219,652

Included in accumulated surplus is the original contribution by the Government of Canada of \$50 million, which constituted a government transfer ("Endowment Fund") when the Council was established in 1957

15. NET INVESTMENT INCOME (LOSS)

(in thousands of dollars)

	2012	2011
Losses from disposal of portfolio investments	\$ (8,243)	\$ (4,207)
Losses on foreign currency from disposal of portfolio investments	-	(73)
Impairment on portfolio investments	-	(58,925)
Income transferred from Deferred revenues- Externally restricted contributions (Note 11)	2,002	18,785
Net gains (losses) on derivatives	(621)	757
Interest and dividend income	13,677	8,190
Investment portfolio management costs	(1,475)	(1,469)
	\$ 5,340	\$ (36,942)

16. NET ART BANK INCOME (LOSS)

(in thousands of dollars)

	2012	2011
Rental revenue	\$ 1,716	\$ 1,916
Other income	183	289
Artwork purchases	(305)	(68)
Administration expense	(1,939)	(2,025)
Amortization of other capital assets	(27)	(22)
	\$ (372)	\$ 90

In 2011, the Council recognized an impairment in the value of its interest in both global equity pooled funds of \$58.9 million as the loss in value was considered other-than-temporary (see Note 8).

17. CANADIAN COMMISSION FOR UNESCO

(in thousands of dollars)	2012	2011
Program expenses	\$ 692	\$ 826
Program - contributions received	(40)	(4)
Administration expense	1,351	1,346
	\$ 2,003	\$ 2,168

Program expenses represent mainly the costs associated with the Commission's activities at national and international meetings related to education, science and culture. These costs are offset by contributions received from other organizations partnering with the Commission on these activities. Administration expenses represent the direct costs of delivering the Commission's programs.

18. NET CHANGE IN OTHER NON-CASH ITEMS

(in thousands of dollars)	2012	2011
Decrease (increase) in accounts receivable	\$ 251	\$ (726)
Decrease in derivatives - asset	-	3,461
Increase (decrease) in grants payable	1,833	(525)
Increase (decrease) in accounts payable and accrued liabilities	(1,190)	1,929
Increase in derivatives - liabilities	-	174
Decrease in deferred revenues	(281)	(344)
Decrease in deferred parliamentary appropriations	-	(37)
Change in fair value for derivatives	145	-
Net change	\$ 758	\$ 3,932

19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

a) Grants

Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants commitments approved prior to March 31, 2012 amounted to \$97,653,000 (2011 - \$143,374,000; 2010 - \$91,883,000).

The future payments of grant commitments as of March 31, 2012 are as follows:

(in thousands of dollars)	
2013	\$ 74,162
2014	23,471
2015	20

b) Rent

The Council is party to long-term operating leases with respect to rental accommodation. Future year payment related to operating lease as of March 31, 2012 amounted to \$ 101,114,000 (2011 - \$14,924,000; 2010 - \$18,860,000).

The future payments of operating lease as of March 31, 2012 are as follows:

(in thousands of dollars)	
2013	\$ 4,586
2014	4,580
2015	4,514
2016	4,582
2017	4,626
2018-2034	78,226

c) Capital commitments

The Council has signed agreements with real estate and infrastructure investment managers and committed capital in limited partnership funds. Because it takes time for those funds to be fully invested, the balance of committed capital not yet drawn at March 31, 2012 is \$6,158,000 (2011 - \$9,280,000; 2010 - \$9,300,000). The outstanding balance of committed capital is currently invested in short-term pooled funds.

20. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with related parties in the normal course of business on normal trade terms applicable to all individuals and enterprises, and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Council incurred grant expenses totalling \$190,000 (2011 - \$399,000) and recorded rental revenues of works of art, contributions and other revenues totalling \$1,389,000 (2011 - \$1,701,000) with related parties.

As at March 31, the Council recorded the following amounts on the statement of Financial Position for Transactions with related parties:

(in thousands of dollars)	2012	2011
Accounts receivable	\$ 320	\$ 471
Grants payable	-	77
Accounts payable and accrued liabilities	405	401
Deferred revenues	562	677

21. COMPARATIVE FIGURES

Certain 2011 figures have been reclassified to conform to the presentation adopted in 2012.

Schedule 1 - Grant Expenses by Section

(in thousands of dollars)	2012		2011	
<u>Arts Programs</u>				
Music	\$	28,092	\$	28,156
Theatre		26,671		26,824
Writing and Publishing		24,251		24,261
Visual Arts		21,225		21,255
Dance		18,550		18,650
Media Arts		16,706		13,441
Inter-Arts		2,656		2,564
Audience and Market Development		2,083		2,035
Equity		1,656		1,605
Aboriginal Arts		1,296		1,395
Alberta Creative Development		999		1,116
Other		1,015		1,075
<u>Public Lending Right</u>		9,941		9,908
<u>Killam Program</u>				
Killam Research Fellowships		1,050		1,120
Killam Prizes		500		500
<u>Other Prizes and Awards</u>				
Victor Martyn Lynch-Staunton Awards		105		105
Molson Prizes		100		100
John G. Diefenbaker Award		95		95
Walter Carsen Prize		50		50
Other prizes and awards < \$50,000		263		277
	\$	157,304	\$	154,532

Schedule 2 - Administration Expenses

(in thousands of dollars)		2012		2011	
	Programs	General Administration	Total	Total	
Salaries	\$ 9,043	\$ 6,393	\$ 15,436	\$ 15,394	
Employee benefits	2,570	1,970	4,540	4,201	
Office accommodation	33	3,916	3,949	3,866	
Professional and special services	450	1,242	1,692	2,009	
Amortization	-	1,061	1,061	1,038	
Staff travel	645	208	853	984	
Printing, publications and duplicating	29	471	500	504	
Information management	5	382	387	480	
Communications	112	204	316	384	
Meeting expenses including members' honoraria	80	157	237	319	
Office expenses and equipment	-	204	204	314	
Miscellaneous	-	23	23	48	
	\$ 12,967	\$ 16,231	\$ 29,198	\$ 29,541	



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